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ABSTRACT

In creating an early retirement incentive program for the Marin County (California) schools, the author examined the early retirement ethic, other early retirement plans in the public and private sectors, the impact of early retirement on Social Security benefits, opposition to such programs, and the factors in the California school districts that affect such programs--such as enrollment declines, staff reductions, and legal implications. The program developed calls for voluntary participation in the program for persons who are at least 55 years old and who have served satisfactorily in the district for a minimum of five years. The person in the program would be hired for up to five years, or age 65, whichever came first, as a consultant to the district. As of August 1, 1975, six of eight target districts had adopted the author's plan or one based on it. (Author/IRT)

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DEVELOPING AND IMPLEMENTING AN EARLY RETIREMENT INCENTIVE PROGRAM FOR MARIN COUNTY SCHOOL DISTRICTS

by
Byron W. Mauzy

Submitted in partial fulfillment of the requirements for
the degree of Doctor of Education, Nova University

Volume I

Fairfield, California Cluster
Daniel Muller, Ph. D., Coordinator

Maxi II Practicum
October 1975

EA 008 359

REED UNION SCHOOL DISTRICT

1155 TIBURON BOULEVARD BELVEDERE-TIBURON, CALIFORNIA 94920 TELEPHONE (415) 435-4567

SCHOOLS

BEL AIRE
277 Karen Way

BELVEDERE
20 Laurel Avenue

DEL MAR
105 Avenida Miraflores

REED
1199 Tiburon Boulevard

REEDLAND WOODS
215 Blackfield Drive

GRANADA
50 El Camino Drive
Corte Madera 94925

September 5, 1975

Mr. S. O. Kaylin
Associate in Practicums
Nova University
3301 College Avenue
Fort Lauderdale, Florida 33314

Dear Mr. Kaylin:

Please consider this a letter of evaluation and reference in relation to Mr. Byron W. Mauzy's work and association with the Reed Union Elementary School District on the implementation of an Early Retirement Incentive Program.

Mr. Mauzy created an intense interest in the early retirement incentive program by making an initial presentation to the school superintendents at one of our regular monthly meetings. A subsequent presentation was made to the superintendents of the Tamalpais Union High School District Study Council.

The presentations included a collection of various programs already initiated by other school districts in the State of California, with an evaluation of the strengths and weaknesses of each. It also included a model--taking the best elements of the various programs--tailored to the Marin County situation.

Based on the original presentation, I invited Mr. Mauzy to meet with members of the Reed District staff and myself to review the model which he had presented. Mr. Mauzy also appeared before the governing board of the district to present the program and to respond to the trustee's questions.

Mr. Mauzy again met with members of the staff and with myself to refine and clarify some of the points in the proposed policy statement. The trustees approved the plan and the Reed Union School District now has an Early Retirement Incentive Plan due to the work which had been done by Mr. Mauzy.

The above chronology of events leading up to an adoption of an early retirement incentive plan (please see enclosures) was important. However, in my estimation, the most important reasons of why we in the Reed District have such a policy addition at this time is due to Mr. Mauzy. His sensitivity to the need of our district, his careful preparation, timing, ability to anticipate the kinds of questions and concerns of teachers, administrators and trustees, is the primary reason we have an ERIP policy.

I would like to add one more statement which is related to the excellent and professional manner in which Mr. Mauzy collected, substantiated, and exercised leadership in the ERIP plans.

Mr. Mauzy has continuously demonstrated his leadership in the educational community of Marin. Last year he served as president of the Marin Association of School Administrators. He has been chairperson and member of some of the most effective educational committees in the county. Literally pages of his accomplishments and contributions could be attached to this letter. I, and I know many Marin County colleagues, have the highest trust in, respect and regard for, Mr. Mauzy.

He is an outstanding public school administrator.

Very truly yours,

RALPH D. GIOVANNIELLO
SUPERINTENDENT
REED UNION SCHOOL DISTRICT

RDG:hd

Enclosures:
District ERIP Policy
Minutes of Official School Board Meeting

REED UNION SCHOOL DISTRICT
1155 Tiburon Blvd.
Belvedere-Tiburon, California

Board Policy No.

EARLY RETIREMENT INCENTIVE PROGRAM FOR CERTIFICATED EMPLOYEES

PURPOSE

This Early Retirement Incentive Program is adopted to provide employees of retirement age the opportunity to voluntarily exercise their retirement options at an earlier age.

The following are the conditions which are to be met to qualify for participation in the program.

1. Certificated personnel desiring to participate in the program must apply no later than two months prior to the first school year or semester during which the certificated participant wishes to serve as a consultant under the program. Persons entering the program shall become independent contractors.

2. To Qualify:

   (a) Applicants must have attained the age of 55;

   (b) Applicants must have served satisfactorily in the district for a minimum of five (5) years.

3. The Governing Board must identify for the applicant the services to be rendered and the services must be acceptable to the certificated participants applying under this policy.

4. Participants entering this program shall receive a one year contract renewable annually for a period up to five (5) years or to age 65 whichever comes first.

   Renewal is subject to satisfactory performance of the assigned activity and must be approved by the Board of Trustees.

5. Participants with approved contracts are guaranteed that the contract in force will be honored for a five year period, subject to satisfactory performance of the assigned activity.

6. With the specific and prior approval of the Board of Trustees, the years of service need not be consecutive.

7. Participants shall serve for a period of 20 days per school year at activities mutually agreed to by the participant and the district.

8. Participants annual compensation for the 20 days or equivalent service period shall be $4,000 plus a dollar amount equal to the cost of health and similar benefits at the level of coverage provided the participant at the time of the participant's entry into the program.

9. Participants considering applying for the early retirement incentive plan are required to attend a counseling session designed to review the financial implications and effects of entering the program.

10. Applicants must submit a written resignation and have it accepted by the Board of Trustees prior to entering into an Early Retirement Incentive Program Contract.

    The resignation is contingent upon the acceptance by the Board of Trustees of the applicant's participation in an Early Retirement Incentive Program.

11. The contract will be in the form attached (Exhibit A) and is subject to change as may be mutually agreed upon by the Board of Trustees and the certificated participant.

This policy shall become effective January 1, 1976.

The Board thanked Mrs. Forell and Mr. Cooper, asking that its thanks be conveyed to the Early Childhood Education Advisory Committee for all the work they have done in support of the program.

EARLY RETIREMENT INCENTIVE PROGRAM INFORMATION

Early Retirement Incentive Program Information

Mr. Byron Mauzy, Deputy Superintendent of the Marin County Schools Office, discussed with the Board his findings on a possible Early Retirement Incentive Program for certificated personnel. Mr. Mauzy has been doing a special, in-depth study of this proposal as part of his doctoral program.

Mr. Mauzy noted that the material being presented is a compilation of the best plans that are in effect in the State of California, and which have been accepted by some school districts and most organizations and administrators.

The specific components of the program are: Participants must apply to the Governing Board for admission to the program; participants must have served satisfactorily in the district for a minimum of five (5) years; participants must have attained the age of 55; participants opting for this program shall receive a one-year contract renewable annually for a period up to five years or age 65, whichever comes first - renewal is subject to satisfactory performance of the assigned activity and must be approved by the Board of Trustees; participants selecting this plan shall serve a period of 20 days per school year at activities mutually agreed upon by the participant and the district; participants annual compensation for the 20-day service period shall be $4,000, plus a dollar amount equal to health benefits currently provided the certificated staff by the district; participants considering this plan are required to attend a counseling session designed to thoroughly review the financial ramifications of the program; and, participants must submit a written resignation and have it accepted by the Board prior to implementation of an Early Retirement Incentive Program contract.

After a question and answer period, the Board thanked Mr. Mauzy for his presentation. The plan will be considered by the Superintendent and the Board of Trustees after receiving responses from the certificated staff.

CHILDREN'S CENTER PROGRAM SERVICES CONTRACT

Mr. Giovanniello stated that the Reed District has had access to the full day, full year, child care services of the Children's Center Program which

.28c

Review of Categories 2000 and 3000 of Austerity Budget, cont'd

~~The Board agreed to reinstate funding for twice a month secretarial services for Board meetings.~~

~~In review of other portions of the 2000 and 3000 classifications, Mrs. Goldberg suggested that a list outlining the area of cuts in the budget, such as after school activities, field trips, custodial services, etc., be submitted to the Parent Teacher Club as areas they might wish to subsidize.~~

~~TENTATIVE BUDGET FOR 1975/76~~

~~Mr. Condrotte noted that the 1975/76 Preliminary Budget contains the latest income estimates for both 1974/75 and 1975/76, the detailed expenditure estimates for 1974/75, and proposed expenditure estimates for 1975/76.~~

~~Appropriations for Contingencies is estimated to be approximately $359,000 at the end of 1974/75 and is expected to decline to approximately $325,000 by the end of 1975/76 without any provision for a cost of living salary increase for 1975/76. (The latter includes $40,850 received from delinquent taxes which was released as a result of recent court action.)~~

~~It was noted that the budget as submitted is deficit financed approximately $40,000 (income vs. expenditures) before any cost of living salary adjustment.~~

Motion Approving Tentative Budget for 1975/76

~~MSC (Osborn-Goldberg)~~
~~Ayes: Jones, Osborn, Goldberg, Patterson~~
~~Nays: None~~
~~Absent: Ockner~~

~~To approve the Tentative Budget for 1975/76 as submitted.~~

THIRD READING, EARLY RETIREMENT PROGRAM

Mr. Giovanniello noted that this will be a third reading of the Early Retirement Program - a program which will provide an opportunity for qualified members of the certificated staff to retire at an earlier date than they normally would.

Mr. Giovanniello recommended that the plan be adopted so that it will become operative after January 1, 1976, with the implementation date effective in September of 1976.

MSC (Osborn-Goldberg)
Ayes: Patterson, Jones,
Goldberg, Osborn
Nays: None
Absent: Ockner

That the Early Incentive Retirement Plan be approved effective in September, 1976.

Motion
Approving
Early
Incentive
Retiremen
Plan

REQUEST FOR USE OF SPACE AT GRANADA SCHOOL

Mr. Giovanniello stated that he was in receipt of a request to permit the use of an extended day care center at Granada School for K-5 students. The program, which has already been publicized, is sponsored by the Cities of Corte Madera and Larkspur.

Mr. Giovanniello noted that if the Board should approve the program there are questions to be answered, such as insurance, rental fee, supervision of the program by the administrator on the school site.

After discussion it was Board consensus that the Child Care Program at Granada be run on the same financial arrangements as the program at Tiburon School, which is sponsored by the City of Tiburon.

MSC (Osborn-Goldberg)
Ayes: Osborn, Patterson,
Jones, Goldberg
Nays: None
Absent: Ockner

That a one year agreement with the Cities of Corte Madera and Larkspur be formalized to operate an Extended Day Care Center and to include provisions eliminating any costs or liability to the Reed District, subject to the judgment of the Superintendent and Principal of Granada School.

Motion
Approving
a One Year
Agreement
for Extend
Day Care
Center at
Granada
School

MIDDLE SCHOOL RECOMMENDATION OF CRITERIA FOR FURTHER STUDY OF MIDDLE SCHOOL SCHEDULING

Mr. Giovanniello related that at the culmination of the meetings of the Middle School Task Force Committee it seemed apparent that the major interest on the part of the parents was some form of modification in the scheduling of students at the middle school level, although four or five main areas of interest were identified.

Mr. Giovanniello recommended that the subject be investigated further by the staff, Mr. Raney, and the Superintendent to provide a wider choice of electives for middle school students and to eliminate scheduling conflicts

SAN ANSELMO SCHOOL DISTRICT

September 5, 1975

BOARD OF TRUSTEES
MR. OLIVER [illegible]
MR. EUGENE [illegible]
MR. [illegible]
MR. RICHARD [illegible]
MRS. [illegible]

[illegible]
FRANK [illegible]

ASSISTANT SUPERINTENDENT
[illegible]

Mr. S. O. Kaylin
Associate in Practicums
Nova University
3301 College Avenue
Ft. Lauderdale, Florida 33314

Dear Mr. Kaylin:

This letter is written to inform you about the final practicum of Mr. Byron Mauzy, Deputy Superintendent, Marin County Schools. Mr. Mauzy's practicum dealt with an early retirement incentive program for Marin County school districts. The San Anselmo Teachers' Association and the San Anselmo Board of Trustees studied Mr. Mauzy's plan jointly and, after a few minor changes, the Board of Trustees adopted the plan.

Mr. Mauzy devoted considerable time meeting with staff and with the Board of Trustees explaining the various elements of the early retirement incentive program. His style of presentation and his expertise as it related to his topic were the determining factors that left all parties highly satisfied.

Mr. Mauzy should be commended for his excellent research and for the product that he developed.

Sincerely,

Frank R. Elliott

Frank R. Elliott
Superintendent

FRE:nrp

[illegible]24 SIR FRANCIS DRAKE BOULEVARD • SAN ANSELMO • CALIFORNIA • 94960 • AREA 415 [illegible]

SAUSALITO SCHOOL DISTRICT
630 NEVADA STREET / SAUSALITO, CA 94965 / TELEPHONE (415) 332-3190

Superintendent
DONALD W. JOHNSON

Trustees
DOUGLAS G. FANCHER
BARBARA A. HANSEN
BARBARA S. HARRIS
DOUGLAS B. MARTIN, Jr.
BETTY [illegible] TIMES

August 26, 1975

Mr. S. O. Kaylin
Associate in Practicums
Nova University
3301 College Avenue
Ft. Lauderdale, Florida 33314

Dear Mr. Kaylin:

Early last year as the new Superintendent of the Sausalito School District, I discussed several staffing problems I had inherited with Mr. Byron Mauzy, Deputy Superintendent at the Marin County Schools Office. Mr. Mauzy suggested that we consider the implementation of an early retirement plan as an incentive to more staff members who, for various reasons, were no longer meeting the needs of our children.

Mr. Mauzy then proceeded as a part of the Nova Program to develop a model which, on April 28, 1975, was adopted by the Sausalito School District Board of Trustees as a part of the retirement policy of the Sausalito School District.

Mr. Mauzy did an outstanding job with this program which we feel will meet a real need in our district. We have two teachers who are now planning to retire this year under Mr. Mauzy's plan.

We are truly indebted to Mr. Mauzy and Nova for providing the Sausalito School District with an invaluable tool.

Sincerely,

Donald W. Johnson
Superintendent

DWJ:mo

Shoreline Unified School District
P. O. Box 198 Tomales, California 94971 (707) 878-2266

Bodega Bay Elementary School
(707) 875-3568
Tomales High School
(707) 878-2286

Tomales Elementary School
(707) 878-2214
West Marin Elementary School
(415) 663-1014

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EVERT WINKELMAN

DISTRICT ADMINISTRATION
KENNETH E. BARNES
SUPERINTENDENT
CHARLES BILLINGS
DIR. PUPIL PERSONNEL

August 25, 1975

Mr. S.O. Kaylin
Associate in Practicums
Nova University
3301 College Avenue
Ft. Lauderdale, Florida 33314

Dear Mr. Kaylin:

In the Fall of school year 1974/75, the Board of Trustees and Superintendent of the Shoreline Unified School District began to study the ramifications of implementing an early retirement incentive program.

Mr. Byron Mauzy, Deputy Superintendent, Marin County Schools Office, was asked to help us tailor a program to meet our specific situation and needs. Mr. Mauzy met on many occasions through out the year with the teachers' association, a committee of the Board of Trustees, and the administration. Due to Mr. Mauzy's thorough explanations, insight, and knowledge of our needs and desires, all parties quickly came to agreement, and the Board of Trustees adopted his proposal on June 19, 1975.

Everyone who worked with Mr. Mauzy recognized him to be a true "expert" in all phases of the ERIP.

Sincerely,

Kenneth E. Barnes

Kenneth E. Barnes
Superintendent

KEB:bw

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ABSTRACT

The purpose of this practicum was to implement an early retirement incentive plan in selected Marin County school districts. This required: assessing various early retirement incentive programs; designing a program; securing teacher association input and support; obtaining necessary legal clearances; establishing a presentation schedule and making presentations to teachers, administrators, and boards of education; attending meetings with candidates; assisting districts with implementation; evaluating the program; and continuing to participate with the program.

INTRODUCTION

The movement toward retiring at an earlier age with increased benefits has been gaining momentum in the private sector over the past decade. Early retirement has also been of interest in the educational community, but there has not been an appropriate vehicle with which to implement any movement in this direction.

The impact of declining enrollments and the attendant constriction of financial resources has provided the impetus for exploring alternatives to reduction-in-force programs, an obvious method for reducing school expenses.

The Pasadena Unified School District conceived and piloted the first early retirement incentive plan, which provided a distinctive retirement alternative and significantly assisted the district in meeting the financial difficulties brought about by its declining enrollment. However, the Pasadena model had some legal difficulties and came under fire from the State Teachers Retirement System, teacher associations, and county counsels.

Recognizing the potential of the early retirement concept, the purpose of this practicum has been to redesign the Pasadena model, secure necessary legal sanctions, and implement an early retirement incentive plan in selected Marin County school districts.

The development and implementation of Marin County's early retirement incentive plan required considerable encouragement and support from teacher associations, administrators, and boards of education.

Bert Skaggs, Executive Director, Marin County Council, California Teachers Association, and Richard Godino, Assistant Marin County Counsel, were invaluable resources in the development of the program. The expertise and encouragement of Dr. Virgil S. Hollis, Marin County Superintendent of Schools, were significant factors in the successful implementation of the program.

This practicum provides a vehicle for an innovative concept that has advantages for both the participant and the school district. The plan is still in its infancy and will require constant attention and adjustments far beyond the submission of this report.

1. THE EARLY RETIREMENT ETHIC

The Elderly Population

Less than a generation from now, more than 50 percent of the people in our country will be over the age of fifty. Before the year 2000 -- only twenty-five years from now -- one in three Americans will be age sixty-five or over.[1]

According to a major study sponsored by the Department of Health, Education and Welfare, one of the probable consequences of the drastic declines in the United States birth rate is that the cult of youth, which has dominated our society for so long, will pass; and family planning will not focus on children and babies, but rather on planning for our elderly population: how to accommodate them, support them, limit the numbers of dependent elderly, and maximize the potential of nondependents.[2]

The implications of our sharply reduced birth rate are profound and touch every aspect of our lives. At last count, our crude birth rate has dropped to fewer than 16 per 1,000 population, the lowest in U.S. history. Our fertility rate is down to 2.03 children per family, actually below the zero population growth (ZPG) level of 2.1 children. We have gone beyond ZPG for the first time and reached a negative birth rate. Furthermore, the trend is continuing.[3]

---

[1] Sylvia Porter, "Your Money: The Elderly Have a Future," San Francisco Chronicle, April 9, 1973.

[2] Ibid.

The most obvious economic impact will be on our marketing system for goods and services, for it will have to be geared to a stable rather than a soaring population. Other obvious economic implications are a considerable easing of housing shortages and cutbacks in businesses catering to babies: obstetrics and pediatrics, diaper services, baby foods, and nursery schools.

But far more fascinating is the implication for elderly people. Specific forecasts are:

> A radical shift in emphasis from chronological age to "functional" age -- not how old you are in years, but how old you act and feel. Alongside this development

---

[3] Ibid.

> will be not only tremendous new job opportunities for the elderly, but actually a new dependency on the elderly to perform a wide variety of public services.
>
> The formation of a new class of second-class citizens -- the infirm "functionally elderly."
>
> New measures of beauty and morality which will be based on older rather than younger models.
>
> A complete overhaul of the present exclusive youth orientation of our educational system -- with the expansion in school enrollment in the future taking place in the 30-and-over age bracket....
>
> [F]undamental changes in both our public and private pension systems, a growing gap between young workers paying ever-higher Social Security taxes and the elderly retired living on Social Security benefits[.]
>
> [A]n enormous expansion in government medical care programs[.]
>
> [A] surge of population to warm weather areas....[4]

Tied very closely to the statistical aging of our population and the zero population growth is another recent phenomenon, the "early retirement ethic."[5] Early retirement first began to be talked about in the 1950s and had become a popular concept by the end of the 1960s. People not only want more money with which to enjoy life, they also want more time to spend it in. Age sixty-five is no longer soon enough.

---

[4] Ibid.

[5] Information and quotations about the early retirement ethic, which form the rest of this chapter, are from William Chapman, "The Early-Retirement Ethic," The Washington Post, March 25, 1973.

Auto Union Action

Frank Runnels, president of a United Auto Workers union (UAW) local, launched a "30 and Out" program early in 1970. This is a pension plan that would get workers out of the pits and shops in thirty years, "before they were too old and worn out to enjoy life." The "30 and Out Committee" won an agreement from the auto companies in 1970 to allow workers to retire after thirty years, provided they have reached fifty-six. Runnels stated,

> For 30 years, the industry governs the man's life. It determines when he gets up and where he goes that day. It decides when he eats. After 30 years, he ought to be able to make some decisions for himself. Every person has a dream, doesn't he? I never talked to but one man who was completely resigned to life on the line, who was satisfied that that's what he was always going to do.

Melvin Glasser, Director of the UAW's Social Security Department, looks at early retirement from the younger employees' point of view:

> The younger guy is pushing hard. He thinks, "This is an intolerable job I've got, so the best I can look for is to get out while I'm healthy." He also thinks, "If we can push the fifty-five year olds out, we'll get a crack at a better job. We can move off the assembly line."

Employees who are comparatively recent to the work force are concerned with the rise in automation, making fewer jobs available. Many see early retirement as one way to gain the opportunity for other jobs that require more skill and get more pay. In one local in Lansing, Michigan, which has a young membership, about 90 percent gave top priority to the early retirement issue.

Unions other than the UAW are concerned with early retirement. "I can tell you that from the requests coming across my desk there is no more popular issue than early retirement." says Donald Wasserman, a representative of the fast-growing American Federation of State, County, and Municipal Employees (AFSCME). This trend will undoubtedly continue -- it is to any union's advantage to find ways to create more jobs and to gain more members.

Corporate Action

Most early retirement plans were originally written simply to give the employee an option of retiring at, say, sixty instead of sixty-five. Choosing the earlier age automatically meant a financial penalty. Some corporations are now beginning to eliminate the penalty, thus encouraging employees to retire before age sixty-five. Others are making early retirement mandatory. These policy changes may be based on a common management conviction that an employee's value declines with age. Often it is much simpler to fix a low mandatory retirement age than to get rid of certain employees by firing them or laying them off. "A policy that calls for retirement at an early age is a lazy man's device," says Arthur Fleming, head of the White House Conference on Aging. "The companies don't have to make the decisions -- the calendar makes it for you." Optional or mandatory retirement plans are spreading. Here are a few examples:

1. Social scientists at the University of Oregon surveyed 180 companies and found that 50 percent of their employees were retiring before the mandatory age, often at reduced benefits.

Two-thirds of the companies had optional retirement plans beginning as early as age fifty-five.

2. In a survey done by the Bankers Trust Company of New York, a marked trend was discovered for companies to allow retirement at age fifty-five. In the first half of the 1960s, only one-fifth of the retirement plans surveyed had that provision, but by the end of that decade one-third of the policies included it.

3. At Chrysler Corporation, only about 12 percent of the employees were retiring early in 1963-64, just before the first UAW pension plan was negotiated. But two years later, with the new $400-a-month plan in effect, 61 percent chose early retirement.

Social Security System Action

The social security system provides an example of the movement to retire early -- even though it means settling for lower benefits. In 1961 the Early Benefits Law was passed, enabling retirees to collect social security payments at age sixty-two, instead of age sixty-five, if they would accept permanently reduced monthly benefits. At first, only a few men took advantage of it. But today, more than half of the male beneficiaries come on the rolls at age sixty-two. Further, Congress is pressured to continue to lower the age for social security benefits.

Social security and industrial retirement plans have begun to reshape the work force. The number of older people who are working is declining rapidly. In the mid-fifties, almost half of the men over sixty-five years old were either employed or looking for work. Presently, only one-fourth are employed. The Census Bureau estimates that by 1980 the figure will be close to one-fifth. Furthermore, men between fifty-five and sixty-four are slowly leaving the work force.

Opposition

While, on the one hand, early retirement has become a socially acceptable concept, on the other people are taught in our culture to dread old age. Therefore, early retirement can be viewed as a personal and social catastrophe. There are the retirees whose lives are meaningless without their jobs. There are those retirees who do not have enough money to take care of themselves adequately, thereby increasing their chances for illness. A common idea of retirement is one of loneliness, unhappiness, financial strife, sickness, and boredom.

Some economists oppose the early abandonment of careers because they feel it creates a "dependency ratio," in which workers carry too much of the economic burden of supporting retired people through pension contributions and social security taxes. "We are loading the retirement system with enormous burdens and when the labor force shrinks or stays stable, that means a bigger burden on the individual worker," warns Ewan Clague, former commissioner of the U.S. Bureau of Labor Statistics. He continues,

> In about ten years, you are going to have fewer people entering the labor force, and on the other end, more and more people retiring earlier and living longer. It will be a real shrinkage in the work force and that is going to be trouble. To encourage retirement at age 55, this nation has got to be crazy.

According to the Bureau of Labor Statistics projections, 1977 will be an historic year because for the first time more people under age forty-five will be working than over age forty-five.

Lobbies against mandatory early retirement include White House Conference on Aging and the National Council on Aging. So far, they have not been very influential. And, it appears that the drive toward early retirement will continue. Norman Sprague, an economist with the National Council on Aging, complains, "The number of mandatory retirement plans seems to increase in direct proportion to our efforts to defeat them."

2. CALIFORNIA'S SHRINKING SCHOOL DISTRICTS

Enrollment Decline

The rapid growth of California's school enrollments during the fifties and sixties conditioned school administrators to the burgeoning population syndrome. Now administrators face the challenge of a reverse phenomenon, the shrinking school district. Total public school enrollment decreased in California during the 1971-72 school year for the first time in recent California education history. In September 1972, State Superintendent Wilson Riles reported that California's K-12 enrollment for 1972-73 would be 38,000 pupils less than it was in the 1971-72 school year, and that the decline could be expected to continue until 1978, when it would level off and begin a gradual increase. The State Department of Education report indicates that 39 school districts had enrollment decreases of over 500 pupils between 1969-70 and 1971-72, and during that same period of time 107 districts had decreases ranging from 50 to 500 pupils.[6]

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[6] Edwin H. Harper, "The Shrinking School District: A Preliminary Study of Declining Enrollments in California School Districts," prepared for the Educational Management and Evaluation Commission, rev. July 1974, p. 1.

There are many causes for declining enrollment. The major one appears to be the decreasing birth rate. Other general factors affecting school enrollments include decelerating immigration into California, the maturing population, and the high cost and shortage of housing.[7]

The trend toward lower school enrollments is established, and the impact of this phenomenon is being experienced by an increasing number of school districts throughout California. Some of the ramifications of decreasing school enrollments that must be faced are:

(1) reduced staffing needs;

(2) school closures and excess site sales;

(3) tendency toward increased per pupil costs;

(4) reduced need for additional facilities;

(5) threatened ethnic balance of staff due to "last hired, first fired" policy;

(6) adjustment of transportation services and

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[7] Ibid.

educational program offerings; and

(7) reduced state apportionments and related fiscal problems.[8]

The following data abstracted from "Teacher Supply and Demand Study, 1950-82," outlines the impact of declining enrollments in the public schools of California:

1. From 1950 through 1968, elementary (K-8) fall enrollments rose from 1,288,088 to 3,186,181. The increase of 1,898,093 pupils represents a 147 percent gain.

2. From 1969 through 1972, elementary fall enrollments dropped from 3,186,181 to 3,055,892, a loss of 130,289 pupils, which is a 4 percent decrease.

3. From 1973-74 through 1978-79, projected elementary fall enrollments are anticipated to drop from 3,055,892 to 2,865,600. The estimated decrease of 190,292 pupils represents a 6.2 percent student loss.

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[8] Ibid.

4. From 1979-80 through 1981-82, projected fall elementary enrollments are anticipated to rise from 2,865,600 to 3,034,800. The estimated increase of 169,200 pupils represents a 5.9 percent gain.[9]

The picture for high school (9-12) fall enrollments also reflects the elementary school patterns.

1. From 1950 through 1972, high school fall enrollments rose from 372,963 to 1,320,929. The increase of 947,966 pupils represents a 254 percent gain.

2. From 1973-74 through 1978-79, projected high school fall enrollments are anticipated to rise from 1,320,929 to 1,348,000. The estimated increase of 27,071 pupils represents a 2.1 percent gain.

3. From 1979-80 through 1981-82, projected high school fall enrollments are anticipated to drop from 1,348,000 to 1,208,000. The decrease of 140,000 pupils represents a

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[9] California Teachers Association, "Teacher Supply and Demand Study, 1950-82," Special Research Report No. A-74, March 1974, pp. 2, 11.

10.4 percent pupil loss.[10]

Impact on Teachers

A number of school districts have had to adjust to declining enrollments by reducing their personnel complement. The legal authority for reducing certified personnel is found in California Education Code sections 13262-64, 13443, and 13447. Administrators must be particularly careful to comply with all the legal requirements of the process. Unfortunately, county counsels' opinions on the process vary slightly from county to county and each county must be aware of any unique or provincial interpretations that apply to its particular case.

The study on teacher supply and demand contains relevant data assessing the impact of declining enrollments on California teachers.

1. From 1960-61 through 1972-73, the number of elementary (K-8) teachers employed rose from 73,412 to

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[10] Ibid., pp. 2, 11.

113,277, with the highest number in 1970-71 with 114,554. The increase of 39,865 teachers constitutes a 54.3 percent increase.

2. During the same period, the elementary pupil/teacher ratio dropped from 34.9 to 27.6, a 20.9 percent decrease.

3. To date, declining enrollment in the elementary schools has assisted in reducing the pupil/teacher ratio. Financial considerations (which are reviewed later) may affect this trend.

4. From 1960-61 through 1972-73, the number of high school teachers rose from 44,088 to 74,275. The increase of 30,187 teachers represents a 68.5 percent increase.

5. During the same period, the pupil/teacher ratio (Table 1) rose slightly from 18.2 to 18.5, a 1.7 percent increase.[11]

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[11] Ibid., pp. 5-6.

Table 1. Total State 9-12* Enrollment
Compared to Total Number of Secondary Teachers

Year	Enrollment**	Number of Teachers	Pupil/Teacher Ratio***
1960-61	803,198	44,088	18.2
1961-62	877,280	46,643	18.8
1962-63	965,040	50,539	19.1
1963-64	1,052,473	54,426	19.3
1964-65	1,106,542	58,512	18.9
1965-66	1,158,274	61,296	18.9
1966-67	1,207,416	65,682	18.4
1967-68	1,253,648	66,823	18.8
1968-69	1,304,786	71,914	18.1
1969-70	1,344,155	74,033	18.2
1970-71	1,390,922	75,080	18.5
1971-72	1,424,787	76,986	18.5
1972-73	1,377,124	74,275	18.5

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*Exclusive of Adult Education.

**Enrollment and number of full-time teachers based on information from State Department of Education annual report entitled, "California Public Schools, Selected Statistics."

***Ratio of enrollment to full-time teaching positions. Because some teachers spend part of their assignment in nonclassroom duties, this is less than the average class size.

Source: Harper, "The Shrinking School District," p. 5.

Table 2 illustrates the decline in placement opportunities for a graduate who has completed the five-year program for the standard California teaching certificate. Note that in 1968-69, California school districts were employing 54.41 percent more teachers than California's colleges and universities were training; and in 1973-74, only an estimated 55.99 percent of those trained were employed by California school districts.

Table 2. Total Number of Teachers Receiving Certificates Compared with Number of First-Year Teachers Placed

Year	Number of First-Time Students Completing Preparation for Standard Teaching Certificate			Total Number of Teachers Placed on the First Step of California School Districts Salary Schedules	
	Elementary	Secondary	Total		
1959-60	6,660	4,240	10,900		
1960-61	5,080	3,377	8,457		
1961-62	5,297	3,381	8,678		
1962-63	5,849	3,437	9,286		
1963-64	7,516	4,003	11,519		
1964-65	7,245	5,092	12,337		
1965-66	4,882	7,270	12,152		
1966-67	3,884	4,593	8,477		
1967-68	4,608	5,472	10,080	15,565	(1968-69)**
1968-69	6,682	5,914	12,596	13,163	(1969-70)
1969-70	6,383	7,080	13,463	11,397	(1970-71)
1970-71	8,527	8,357	16,884	10,698	(1971-72)
1971-72	8,033	7,246	15,279	7,750	(1972-73)
1972-73	7,360	6,626	13,986 (estimated)	7,831	(1973-74)

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*Students graduated at end of academic year.

**Graduates hired to begin Fall of the school year.

Source: Harper, "The Shrinking School District," p. 9.

The California State Teachers Retirement System (STRS) will, at the employee's request, refund employee contributions to the system when a teacher either separates or is terminated from the system. A refund is usually requested when the employee does not plan to return to teaching. The latest information available from STRS on job entrance and withdrawal is also of interest. The increase in refund requests since 1969-70 seems to indicate that qualified teachers are accepting employment outside the education field, at least temporarily.

Table 3. Entrance and Withdrawal from the California State Teachers Retirement System

Year	Number Entering System	Number of Refunds	Number Retiring from Service
1968-69	31,853	5,281	2,867
1969-70	24,042	14,940	3,331
1970-71	22,352	12,706	3,551
1971-72	19,714	12,051	4,017
1972-73	20,334	10,523	5,421

Source: Harper, "The Shrinking School District," p. 6.

The information presented in Table 3 represents the total number of certified persons involved. No data exists that shows how these persons fit into the various certified categories, such as elementary and secondary teachers, community college instructors, and administrators. However, the following information should be helpful in reviewing the figures shown in the table.

The number entering the system includes:

(1) teachers obtaining regular full-time positions;

(2) teachers employed in state and federally funded special programs;

(3) part-time teachers;

(4) substitute teachers (substitute teacher lists in most California counties are growing rapidly); and

(5) temporary teachers, a special category tied in with California Education Code "reduction-in-force" procedures.

Data regarding full-time equivalent employees in California public school districts, as collected by the State Department's Bureau of Apportionments and Reports is presented in Table 4.

Table 4. Number of Full-time Equivalent Employees*

Year	Certified				Classified (noncertified)	Total
	Administrators	Pupil Services	Teachers	Subtotal		
1973-74	14,456.7	13,065.3	200,831.9	228,353.9	120,313.7	348,667.6
1972-73	14,191.0	12,511.4	198,720.2	225,422.6	113,544.6	338,967.2
1971-72	14,303.1	11,754.3	199,178.2	225,235.6	106,925.2	332,160.8
1970-71	13,976.4	10,964.8	193,048.8	217,990.0	100,146.0	318,136.0

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*Includes estimates for districts not required to report, namely, elementary under 101 a.d.a. and high school under 301 a.d.a.

Source: Harper, "The Shrinking School District," p. 14.

It is interesting to note that total statewide school district employment (certified and classified) increased by 30,531.6 full-time equivalents between 1970-71 and 1973-74. Increases by personnel category were: 480.3 administrators, 2,100.5 pupil services, 7,783.1 teachers, and 20,167.7 classifieds. There are undoubtedly numerous causative factors that support statewide staff increases in the face of declining enrollment. They would include new programs, enhanced categorical aid programs, and increased demand for instructional aides and other classified support.

Seniority

Since 1957 the California Education Code section 13447 has required that districts rank every employee in order of seniority. To establish rank, all employees are listed in order of their first day of work. Whenever two or more employees begin work on the same day, a drawing must be held to determine which one has the most seniority. Once drawn, the lottery number is retained permanently and in subsequent years, drawings must be conducted only for new personnel. The numbering can either be continued from where it left off the year before or begun again from 1 with the appropriate school year preceding the number, e.g. 1975-34.

The drawing may be conducted by an auditor. If necessary, the auditor can also verify the date a teacher first started to work within the district. It is important to note that seniority is based on the first day a teacher is on the job; the contract date is not considered. Summer school teaching does not count when determining the first day of work. All employees affected by the drawing, plus appropriate representatives of employee organizations, should be invited to witness the proceedings.

Once probationary teachers are laid off, they may be rehired in any order. If they are rehired within thirty-nine months, the time not working does not apply toward tenure, but is considered a continuance of service. However, the district must rehire tenured teachers in the order of layoff, if they rehire within thirty-nine months.

The district board of education has to decide why layoffs are necessary. Districts may reduce a teaching staff for two reasons: (1) decline in enrollment and (2) discontinuance of or a reduction in services. Teachers may not be laid off because of lack of funds.

By March 15, all employees in danger of being laid off must be given written notice that their employment may be terminated. By May 15, all employees being laid off must be given written notice that their employment will be terminated.

When determining the order of layoffs, seniority must be considered along with the type of credential held and employee assignments. Teachers are entitled to "bump" less senior teachers in any area in which they are certified and considered competent. Competence is usually determined by answering the question, "Would the district have hired this person for this subject had they applied for it?" Districts must know what credentials their teachers have and their teaching majors and minors.[12]

Timeline for Staff Reductions

The following timeline for staff reductions lists the milestones and decisions to be made for the ensuing school year:

By January 31	1. County counsel analysis of pertinent Education Code sections.
	2. Preliminary enrollment analysis for school year.
By February 28	1. Formal trustee actions of intention to reduce personnel.

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[12] Byron Mauzy, "Analysis of Strategies and Procedures Employed to Reduce Staff and Programs in Order to Balance a Budget," Midi Practicum, Nova University, April 9, 1974, pp. 14-15.

2. Communications with employee organizations.
3. Finalize ensuing school year enrollment prediction and staff complement.
4. Preliminary meeting with staff members potentially affected. Provide written statement of procedures.

By March 15

1. Conduct drawing of lots to establish reemployment priority. (No later than March 7 and preferably in early October).
2. Initial notice of dismissal.
3. Obtain proof of service of dismissal notice.
4. Notify trustees of notices served.
5. Establish deadline for submission of requests for hearing.
6. Post lottery list.

By April 30	1. Counsel personnel being dismissed. 2. Determine personnel to "protect" in accordance with Education Code section 13447.
By May 15	1. Final notice of dismissal. 2. Notify trustees of notices served.
By June 15	1. Review staff complement established in February.
By July 31	1. Forward any new information to dismissed personnel. 2. Assign staff from lottery list as positions open. 3. Maintain continuing information flow to dismissed personnel.[13]

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[13] Timeline developed by the author.

Financial Implications

The enacted legislation known as the "Property Tax Relief Act of 1972," commonly called Senate Bill 90 or S. B. 90, brought home to California school districts that declining enrollments will result in reductions in revenue available to districts.

In effect, it was a compromise bill between California Governor Ronald Reagan and Assemblyman Bob Moretti. It established school revenue limits, built-in inflation factors, increases to the state's school foundation program, elimination of local restricted override taxing authority, and funding on an average daily attendance (a. d. a.) basis. It also provided property tax relief for the local homeowner by increasing the homeowners' exemptions. The major reform in Senate Bill 90 was that income for local school districts would be controlled by enrollment (a. d. a.) and a revenue limit per a. d. a., rather than by a tax rate assessed according to the local wealth of a district (assessed valuation).

A hypothetical and simplified example will demonstrate the income loss in a low-wealth district and a high-wealth (basic aid) district due to declining enrollments. Assume that each district loses 100 pupils and that the percentage of enrollment decline does not qualify either district for compensation under the declining enrollment provisions of California Education Code section 20905.5. Provisions of this Education Code section are extremely complicated and are presented in digest form in Appendix A.

If the high-wealth district had a revenue limit of $2,000 per a.d.a., its total income loss would be $200,000 (100 x $2,000). Of this total amount, $12,500 (100 x $125) would represent state apportionments in the form of basic aid. The remainder of the total income loss ($187,500) would result from reduced local tax revenues.

If the low-wealth district had an assumed $1,000 revenue limit per a.d.a., the total income loss would be $100,000 (100 x $1,000). The loss in state basic aid would amount to $12,500, as in the case of the high-wealth district. An additional state apportionment loss would be incurred in the form of reduced equalization aid. If the district were eligible for $500 per a.d.a. in equalization aid, this loss would amount to $50,000 (100 x $500) for a total loss in state apportionments of $62,500 ($12,500 + $50,000). The remainder of the total income loss due to declining enrollment in the amount of $37,500 ($100,000 - $62,500) would result from reduction in local tax revenues.

The primary funding problem faced by districts with declining enrollments is how to reduce expenditures in proportion to reduced revenues. These reductions can seriously hamper the educational program and other services. Considerations must typically be given to adjustments in certified and classified salaries and staffing needs, supplies, transportation services, maintenance and operations, health services, athletics, class size and pupil/teacher ratios, school closures, shortening of school day, combining principalships, sale of facilities, lease or rental of facilities, and reconsideration of interdistrict attendance policies.

Not all districts are experiencing declining enrollments. Table 5 indicates the trend for the twelve California counties that contain districts generating a.d.a. in excess of 100,000 and for the City and County of San Francisco.

Table 5. Average Daily Attendance (a.d.a.) for Selected California Counties

County	1971-72	1973-74	Gain or Loss
Alameda	224,271	217,586	- 6,685
Contra Costa	141,102	137,737	- 3,365
Fresno	109,328	107,333	- 1,995
Los Angeles	1,413,775	1,359,402	-54,373
Orange	361,257	370,499	+ 9,242
Riverside	106,891	106,832	- 59
Sacramento	164,479	156,175	- 8,304
San Bernardino	168,447	161,911	- 6,536
San Diego	298,927	303,481	+ 4,554
San Francisco	78,057	74,192	- 3,865
San Mateo	116,688	112,416	- 4,272
Santa Clara	273,749	275,701	+ 1,952
Ventura	104,575	106,504	+ 1,929

Source: Harper, "The Shrinking School District," p. 12.

Senate Bill 90, with its revenue-limiting features, plus spiraling inflation and a generally declining enrollment, has adversely affected school districts in California. Districts with above average wealth are the hardest hit and many of them face a severe shortage of funds for the 1975-76 school year.

Legal Implications - the Serrano Decision

The future appears even darker because of the Serrano Decision, which will change state financing formulas. A class action suit was brought against State Treasurer Ivy Baker Priest by a group of Los Angeles parents to determine whether a child is deprived of equal educational opportunity because he or she lives in a district having less wealth than other districts in the state. The California Supreme Court initially found the method of school financing unconstitutional under the Fourteenth Amendment because it "invidiously discriminates against the poor and makes the quality of a child's education a function of the wealth of his parents and neighbors."[14] The court held that the quality of education (measuring quality in terms of school expenditures) cannot vary because of a district's wealth (measuring wealth in terms of the assessed valuation of the property within a district). This litigation became known as the Serrano-Priest Decision, or the Serrano Decision.

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[14] Frank Elliott, "California School Financing and Above Average Wealth Districts, 1975-76," prepared for San Anselmo School District, n.d., p. 5.

On August 30, 1974 the Los Angeles Superior Court under Judge Bernard S. Jefferson, issued a court judgment along with findings of fact and conclusions of law. The judgment stated that the present method for financing education (S. B. 90) was in violation of the California Constitution, specifically the equal protection under the law provision.

Four features of the present system were listed as violations:

(1) state basic aid payments of $125 per student to high-wealth districts;

(2) the right of voters to vote tax overrides and raise unlimited revenues;

(3) disparities between school districts' per pupil expenditures; and

(4) variations in tax rates between school districts.

Equal protection was further defined by findings of fact of the trial court. The following two findings of fact relate the quality of education to the amount of money available for expenditures.

> The quality of a child's education or of his educational program can be defined in terms of school district offerings, an input measure based on the concept that the *amount of money per pupil which a school district has to spend governs the quality of the educational offerings* afforded pupils of a district.
>
> Equality of educational opportunity between pupils of different *school districts means that school districts must possess an equal ability in terms of revenue to provide students with substantially equal opportunities for learning*, such as being exposed to experienced and effective teachers, comparable class sizes and teacher/pupil ratios, comparable selectivity in course offerings, modern equipment, high-quality materials and high-quality buildings.[15]

It is probable that legislative approval of a compliance bill directed at correcting the violations stated in the Serrano Decision will be forthcoming. If a bill is not approved and operational by 1980, the courts will decide how education will be financed in California. The lower court's ruling has now been appealed and on January 9, 1975 the California Supreme Court agreed to hear an appeal directly from the lower court. This decision should speed up a final ruling in the case and subsequently increase the pressures for the legislature to act.

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[15] Ibid., p. 6.

Serrano Compliance Legislation

On November 14, 1974, State Superintendent Wilson Riles introduced a Serrano compliance bill to the State Board of Education. Senator Albert Rodda, Chairman of the Senate Education Committee, introduced a similar bill, Senate Bill 2360, to the legislature. The state's proposal was prepared by the State Department of Education. A five-year phase-in period describes: (1) a quality level of support going from $1,130 per elementary pupil and $1,293 per high school pupil in 1975-76 to $1,231 and $1,409 respectively in 1979-80; (2) a statewide property tax of $2.32 for elementary districts and $1.68 for high school districts by 1979-80; and (3) a power-equalizing element that would force sharing of revenues by high-wealth districts with low-wealth districts (the so-called Robin Hood concept). On January 10, 1975 the State Board of Education instructed

State Superintendent Riles to forward the finance package to the legislature. The five-year program would require approximately $626 million in 1975-76 and would increase to $1.5 billion by 1979-80. The bill is costly and undoubtedly many changes will be made as it goes through committees in both houses of the legislature. It is predicted that the prospect for funding is dismal.

3. THE PASADENA INNOVATION

In spring 1972, the Pasadena Unified School District, faced with a financial crisis and a decline in enrollment, notified forty-six teachers that they would not be reemployed.

California's seniority system, as discussed in the preceding section, stipulates that those teachers who are the newest in the system are the first to be laid off in the reduction-in-force process. In the Pasadena system, which had recently been integrated ethnically, this meant that a number of minority staff members, who had been carefully recruited with substantial effort and expense, would have to be laid off. George Bystrom, Pasadena's Certificated Personnel Coordinator, and a seven-member committee, were charged with creating a way to retain the most recently hired teachers and also effect a reduction in expenditures. The result of their efforts was the state's first early retirement incentive program. The legal rationale for the program was taken from the California Education Code, quoted in the following section: Article 7.2 "Cooperative Improvement Programs." The intent of the article is contained in Section 1068:

> It is the intent and purpose of the Legislature in enacting this chapter to encourage local school districts to improve their educational systems and to enrich their educational offerings by utilizing, whenever possible and appropriate, resources which exist in the community. Such resources may include, but not be limited to, business, industry, institutions of higher learning, private consulting firms, other school districts, the University of California, or the State of California itself. In the implementation of this chapter, particular emphasis is to be placed upon programs oriented toward agriculture, science, business and commerce, vocational education, teacher training, and, with reference to school district administration, development of modern budgetary techniques, such as program planning and budgeting.

On this very tenuous basis the Pasadena Unified School District launched its Early Retirement Incentive Plan. The plan was approved by the Los Angeles County Counsel and adopted by the Pasadena Board of Education, effective July 1, 1972.

Components

The Early Retirement Incentive Plan (ERIP) developed and adopted in Pasadena has nine components. The components and their rationale are as follows:

Component 1. Ten years of satisfactory service in Pasadena schools. Encouraging those people with the highest salaries to retire effects the largest saving to the district. Individuals who have provided many years of good service to Pasadena have in a sense earned this benefit.

Component 2. Only individuals earning $12,090 or more are considered for early retirement. Little or no saving would be realized by the district if individuals with smaller salaries retired. After the staff was reduced to an appropriate size for the number of students, replacements would have to be provided for teachers leaving the system. At the lower salary levels, the consultant salary received by the teacher who retires under the incentive system and the salary of the replacement teacher might together equal or exceed the former salary of the long-service employee.

Component 3. A person must be at least fifty years of age. To encourage younger individuals to resign would provide them with a relatively small retirement income at age fifty-five (the earliest they could apply for and receive retirement benefits). Their highest three years on which retirement income is based would also be quite small in comparison.

Component 4. Individuals will provide twenty days of consultant service in an activity mutually agreed upon by the retiree and the school district. The original version of the plan said "twenty days or more." The phrase has been adjusted, however, because the open end seemed to imply that the retiree might be required to provide an indefinite amount of time. The twenty-day limit seemed to provide an adequate amount of time to accomplish a special project.

Component 5. The consultant agreement will not extend beyond five years or age sixty-five, whichever comes first. The district did not wish to entice individuals beyond the point that they would normally leave the profession. One of the features of the program is to provide a means by which a person leaves the employment setting and the associations which have been established in a gradual way over several years. The writers of the program felt there were many useful contributions these people could make during the consultant years, but that they should also have time to pursue other interests prior to separating from the district entirely.

Component 6. Health insurance could be kept in effect either by direct pay by the individual to the district or by deduction from retirement income. Health insurance could not be paid by the employer after resignation because of the implied employment relationship that such a payment would create. The insurance carriers agreed, however, to let the person pay insurance premiums to the district and retain the group coverage.

Component 7. Annual compensation as a consultant ranges from $2500 to $4000, depending on the individual's salary at the time of resignation. This concept is one that is established by the Education Code: payment will be equal for training and experience.

Component 8. Individuals taking advantage of this program become independent contractors and as such are eligible for the social security system and will earn credit in that system. California teachers are not a part of the social security system. Therefore, unless they have other employment over the years, they do not qualify for social security benefits, including medicare. Becoming independent contractors may assist some of these people to qualify.

Component 9. An income-protection policy is provided by the district to assure the dollar amount of the consultation. Protection of this amount was viewed as essential, because individuals were leaving the profession earlier than necessary, thus reducing their retirement income somewhat. This income should therefore be guaranteed. When applying to be a consultant, the employee and the district agree on the employee's early retirement. The services of the ex-employee are then contracted for on a part-time basis in some capacity other than a classroom teacher. As an independent contractor the ex-employee is no longer a member of STRS, commences to receive retirement payments, and has the added income from part-time employment.

Pasadena implemented its ERIP and experienced spectacular results along with generating considerable interest by other boards of education and school administrators. The first year resulted in forty-six teachers retiring to participate in the plan. They were joined by another fifty-eight in the second year, with an estimated savings to the district of $250,000.

However, the "Pasadena Innovation" was also coming under close scrutiny by three vested interest groups: the State

Teachers Retirement System (STRS), the California Teachers Association (CTA), and various county counsels. Bowing to the pressure of these groups, on January 15, 1974, the Pasadena Unified School District placed a moratorium on any new early retirements under the plan and asked the State Attorney General for a ruling on the legality of the system.

County Counsel

On May 25, 1973, Paul DeLay, Deputy County Counsel, Monterey County, wrote a requested opinion regarding an ERIP proposed by the Pacific Grove Unified School District.[16] The proposed plan was very similar to Pasadena's. Mr. DeLay's entire opinion is included in Appendix B. However, his conclusions are significant enough to be noted here.

> It is our conclusion that the specific early retirement program outlined above is of doubtful validity as an unlawful circumvention of the Education Code and violative of current legal rules proscribing the exercise of a power in the absence of statutory

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[16] In California, county counsel opinion is the best estimate of how a particular plan or program might be appraised by a court.

> authorization for such power....
>
> This office seriously doubts that the proposed program is legally defensible. Our major concern rests with the provision for continuing services beyond one year and the circumventive character of the entire scheme. In evaluating this program, we cannot overlook the salutary principle enjoining public entities not only against wrong-doing but the appearance of wrong-doing as well. While we conclude that the program as presently contemplated raises too many doubts to allow us to state that it can lawfully be undertaken, we submit that an early retirement program based upon a year to year authorization within the terms of section 14226 would appear to be lawful. The defect in such a program is of course obvious -- the lack of guaranty to the teacher of a continuing contract for his services. But the risk involved under such a program would be less, in our mind, than the risk undertaken in the proposed program by both the district and the teacher in terms of possible personal liability for the recovery and return of funds expended for such a purpose.[17]

A common, frustrating situation had thus occurred: the Los Angeles County Counsel had approved the Pasadena Plan. The Monterey County Counsel had rejected the Pacific Grove Plan. Faced with conflicting county counsel opinions on basically the same plan, it was obvious that the State Attorney General's opinion was needed.

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[17] Footnotes will not be given for material easily found in the Appendices.

California Teachers Association

On May 19, 1973 the CTA's State Council Retirement Committee reviewed a draft of a position paper relating to early retirement plans (Appendix C). The draft advised extreme membership caution in examining proposed ERIPs. The draft states:

> School districts are interested in "early retirement" plans because older teachers at top of salary schedules can be replaced by beginning teachers at the bottom of schedules, saving the district part to full costs for salary. Additionally, districts wanting to "get rid" of certain teachers, for any and all of the reasons they might have, find the "early retirement" idea a way to encourage people to leave their full-time teaching assignments. And, in fairness, both districts and some teachers appear to feel that there should be some alternatives beyond those offered by the State Teachers Retirement System by which teachers can "phase out" of teaching. Then, too, some teachers find themselves frustrated by the sociological changes in education: "permissiveness", district experimentation with alternatives in instruction and learning, or other aspects of some of today's California schools.

The CTA draft provides a financial analysis of a "one-district proposal," which purports to demonstrate that a teacher, age fifty-five, with twenty-five years of service, who elects to participate in an ERIP and lives to age seventy-five, will receive

$117,647 less than the same teacher who teaches until age sixty and then retires. The analysis "excludes losses or gains on taxation, fringe benefits, or contributions to STRS and other such items." The "one-district proposal" is of the Pasadena type and the exclusions could make a significant difference in the analysis.

The draft concludes:

> [A] career teacher['s] normal retirement (25 to 35 years of service) under STRS will provide for better allowances than the majority of senior citizens enjoy. Nevertheless, with the minimal 2% yearly adjustment, allowances will shrink under inflation and most retirees will need every dime they can garner in retirement. To encourage loss of significantly higher allowances, with from only two to five more years of service, can in some cases, be taking cruel advantage of teachers. Such teachers may have performed many years of satisfactory district service and perhaps more years of such than those who might encourage a loss of benefits.

Finally, buried in the draft was an interesting statement apropos of our prologue: "...whereas there is throughout our United States community, among workers and some executives, a desire to leave a given occupation after 20 or 25 years to follow other pursuits or to retire from active vocational life, there are those people who view 'early retirement' as neither in the best interest of our society nor the individual."

Attorney General's Opinion

Michael N. Thome, Chief Executive Officer, California State Teachers Retirement System, was also vitally concerned with ERIP plans. He submitted the following questions to Evelle J. Younger, State Attorney General (Appendix D):

> 1. With respect to the State Teachers' Retirement System, who should make the determination, whether the former employees' services are performed as independent contractors or as employees of the school district?
>
> 2. As an inducement for an employee retiring early, may a school district employer pay the employee an early retirement bonus over and above his contract salary?
>
> 3. As an inducement for early retirement, may a school district contract with an employee so that after he has retired he will be engaged for a fixed period of years at an annual compensation of not more than $4,000 per year?
>
> 4. Where an early retirement contract is entered into:
>
> A. May an independent contractor perform teaching services for the school district?

B. May an independent contractor contract only with one school district or must he make his services available to other school districts?

C. May the school district exercise supervision and control over an independent contractor?

The Office of the Attorney General responded to Thome on March 13, 1974. The reply is summarized below (See Appendix D):

> ...A district can enter into a contract with an employee whereby the employee agrees to leave his position with the district and enter into an independent contractual arrangement with the district whereby he is to perform certain services as a consultant....
>
> In stating that a district can contract it is assumed that there is a legitimate need or desirability for the service to be performed, that the compensation is commensurate with the service and that if there is a limitation as to the persons with whom the district will contract, there is a rational basis for the limitation....

The opinion further states, "It is our understanding that a number of districts have adopted early retirement programs with details of the programs varying from district to district. No attempt will be made to pass upon the propriety of any of the plans presently operating as this would require, among other things, the determination of certain factual matters." Therefore, the legality of ERIP plans was established in broad general terms, but the propriety of a particular plan devised by individual districts was not.

The opinion clarified the compensation question and possible conflicts with Education Code sections 14226 and 13592. Section 14226 permits retired teachers to be employed in positions requiring certification without reinstatement from retirement or loss of retirement benefits, providing compensation is limited to $4,000 a year. Persons engaged as consultants are not employed in positions requiring certification, so their employment is not authorized under section 14226 and the $4,000 figure is meaningless. Section 13592, located in the portion of the Education Code dealing with classified employees, prohibits, with certain exceptions not pertinent here, any employment of a retired teacher in a classified position. Consultants are not employed in classified positions and therefore are not in conflict with this section.

On March 15, 1974, Michael Thome sent a copy of the Attorney General's Opinion to all county superintendents of schools with a cover letter stating that STRS did not intend to publish guidelines on what constitutes a proper early retirement incentive plan. He strongly suggested that each district take the Attorney General's Opinion, together with its present or proposed plan, and discuss the matter with its own county counsel. See Appendix D.

The Attorney General's Opinion and Michael Thome's letter softened the STRS opposition on ERIPs, and provides criteria by which county counsels can make determinations on the legality of any particular plan. The Attorney General's Opinion will require a reexamination and modification of most of the existing ERIPs.

4. THE STATE TEACHERS RETIREMENT SYSTEM

In order to place ERIP plans in proper perspective, it is necessary to establish a basic understanding of the State Teachers Retirement System (STRS). The present retirement benefit structure was implemented on July 1, 1972. See Appendix E.

The STRS benefit structure is one of the best systems in the nation for teachers. It is one of only nine teacher systems that permits any member with five or more years of service to leave his or her contributions in the system, or go on teaching and at age fifty-five or older receive a retirement allowance. The member's allowance is based on the three highest consecutive salaries, years of service, age at retirement, and the need to provide an allowance for a spouse or other person at death. The system is funded by contributions of 8 percent of salary from the members, matched gradually over the next few years by 8 percent from districts; and state contributions, which amounted to $172 million in 1974. The retirement system provides an allowance of 7 percent of salary at age fifty-five with only five years of service, and increases to 50 percent of salary with thirty years of service at age fifty-seven, and 80 percent with forty years or more of service at age sixty-five or older.

Under STRS, if a teacher works from age twenty-three to age fifty-five, a period of thirty-two years, then retires, he or she begins receiving 44.8 percent of salary, increasing to 61.72 percent after twenty years. Thus, on a $15,000 average of the three highest salaries, a teacher would receive a maximum allowance of $6,702 per year, increasing to $9,408 per year in the twenty-first year of retirement -- a yearly increase of 2 percent of the uncompounded initial allowance. Over twenty years the teacher would receive an average of $8,000 per year or $160,000, or a proportionately less amount if he or she lives fewer years. Even more if he or she lives longer than twenty years. Present retirees are living an average of twenty years after retirement.

If a person begins teaching at age thirty-five, or completes only twenty years of teaching by age fifty-five (again with a $15,000 final compensation), the unmodified allowance would be 28 percent of salary or $4,200 per year, for life, appreciated by 2 percent ($84) for every year of retirement. At age seventy-six, after twenty years of drawing an allowance, this teacher would have received $99,960, or an average of $4,998 per year, which is actually an average of 33.2 percent of salary rather than the 28 percent received the first year. At the age of seventy-six, the teacher would be receiving $5,880 per year -- 39.2 percent of the $15,000 -- and that amount would continue to appreciate by 2 percent ($84) and be payable as long as the teacher lives.

Between ages fifty-five and sixty-five, the median age of teachers applying for a retirement allowance from STRS has been sixty-three. About half of the present retirees, therefore, retired or left teaching and began drawing an allowance between ages fifty-five and sixty-three.

STRS has a reserve of nearly four billion dollars. Legislation enacted in 1972 obligates the state to increase its contribution from $98 million in 1972 to $135 million yearly for thirty years. The state is also obligated to apportion more money to school districts to help them reach, by 1978, the same yearly contribution of 8 percent of salary made by teachers to STRS. District costs have increased to more than $100 million per year, up from $69 million in 1972, and are expected to rise to approximately $210 million in 1978. Thus the 1972 projection was that within six years $345 million would go yearly into the fund from employers and about $210 million from members. Added to member and employer funding are earnings on the retirement fund itself, which is approximately a quarter of a billion dollars per year.[18]

The CTA Retirement Proposal

Despite the recent improvements to STRS, requests have been made of the CTA State Council Retirement Committee on behalf of active and retired teachers, to: (1) permit earlier retirement under STRS, and (2) provide better allowances for all ages of retirement, including those now retired.

In response, the committee has generated a proposal, supported by the following rationale (See Appendix F):

> There is a trend among private and other public retirement plans and systems to provide

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[18] "STRS Retirement Plan Hinges on Member Vote," CTA Action, October 25, 1974, p. 8.

earlier retirement, more adequate allowances, and more realistic post-retirement adjustments. But, more importantly in the case of California teachers, the proposal responds to developments such as:

(1) decreasing enrollment and necessary reductions in school district certificated personnel;

(2) existence of a large number of young California-trained, but unemployed teachers;

(3) disparity between what districts contribute for classified employees' retirement and for teachers' retirement;

(4) conditions in many schools causing teachers to want to retire earlier with more adequate allowances than now are available;

(5) attacks on teachers in many schools and need to provide a "safety-member" type benefit of early retirement for the same reasons firemen, police, and military personnel are retired earlier;

(6) eroding teacher salaries, under inflation, upon which retirement allowances are based and therefore eroded;

(7) the fact that median teacher salaries, while much improved in relation to salaries many year ago, still rarely exceed national averages for all workers and determine the levels of retirement allowances at time of retirement;

(8) the rising costs of medical care for retired teachers ... especially for the growing number of retired members who will not qualify for Medicare Plan A without monthly payments;

(9) the better formula the Public Employees Retirement System has for classified school and state employees retiring after age 60;

(10) the fact that more than half of California teachers were trained and also taught in other states and can get no credit under STRS for such out-of-state experience;

(11) the fact ... that half the retired teachers in California and the nation receive allowances of less than $400 per month.

The proposed schedule of service retirement benefits at various ages, lowered to age fifty and contrasted with the existing tables and benefits, are presented in Appendix F. Ages at which one can retire are shown in full years. Years of service are shown, although partial years of service including credit for unused sick leave would gain service credit as under the present plan.

The CTA proposal reduces the age at which one can retire to fifty with twenty or more years of service. Proposed allowances at ages fifty to fifty-four exceed those now provided at age fifty-five. Similarly, allowances proposed per year of service at age fifty-five exceed those that presently exist at age sixty. And at age sixty, there would be 75 percent of salary instead of the 60 percent received now.

The proposal would increase allowances by a minimum of 3 percent, compounded yearly throughout retirement, in contrast with the present 2 percent, not compounded.

For teachers who retired many years ago, on very small salaries, and therefore received minimum STRS benefits, the minimum would be increased from $10 per year of service, appreciated by 2 percent yearly, to $12.50 per year of service with a 3 percent compounded yearly adjustment. In conjunction with the California Retired Teachers Association leadership, some further one-time adjustments in allowances will be proposed. Provision for death, family, and disability allowances would remain the same, except to eliminate the present reductions of family allowances after age sixty for widows and widowers who receive other public benefits.

Cost of Proposal

There is no way to arrive at a firm cost figure on the proposal, plus an increase in post-retirement adjustment until after the 1975 valuation of the STRS is concluded. However, the STRS has tentatively provided the probable minimum cost of the proposal:

Cost of proposal	6.02% of salary
Cost of 2% to 3% compounded	.75% of salary
Total cost	6.77% of salary

Should this retirement plan be approved by the legislature, the additional 6.77 percent of salary would be raised by increasing district contributions by 5.25 percent and member contributions by 1.52 percent. For example, if the plan were to be completed for 1975-76, districts would contribute 5.6 percent plus 5.25 percent of salary, rising yearly by .8 percent thereafter until the districts were contributing 13.25 percent. System members would pay 9.5 percent or up to 10 percent if necessary, although this is not anticipated.

During November 1974, CTA members voted on whether proposed improvements and funding should be sought. The ballot asked:

> Shall CTA seek adoption of its Retirement Committee's Proposal for Improvement of the State Teachers Retirement System, including an increase in STRS member contributions of 1.52 percent of salary, or, if deemed necessary by the CTA State Retirement Committee, of not more than 2 percent of salary.

The teachers of California overwhelmingly supported the proposal by a margin of 20 to 1.

The proposal will need approval of the legislature and the governor to become law. Armed with a mandate from its membership, the CTA has moved into action.

It seems that teachers want out of the classroom as much as auto workers want off the assembly line. Both want to accomplish this earlier and with increased benefits.

5. EARLY RETIREMENT INCENTIVE PLANS (ERIPs)

The Pasadena ERIP was implemented on July 1, 1972. It was developed and designed to blunt the financial and personnel traumas wraught by the shrinking school district malady previously described. Other school districts experiencing such distress also began developing their versions of an ERIP. Basically, most ERIPs were modifications of the Pasadena concept. Several added some interesting frills and flourishes.

Development and implementation of an ERIP in 1973 or early 1974 were hazardous undertakings. The ERIP was launched in uncharted waters, decreed suspicious by some county counsels, considered illegal by the State Teachers Retirement System, and viewed with concern by the California Teachers Association.

Identifiable Components

The ERIPs presented in Appendix G have a number of common identifiable components. They are:

1. Participation shall be voluntary.

2. A participant must have a specified number of years of service with the district.

3. A participant must have attained a minimum specified salary or a specified position on the district's salary schedule.

4. A participant must be fifty to sixty-five years old to be eligible.

5. A participant shall sign a consultant's contract with the district for a period of up to five years.

6. Salary shall be $4,000 per year, or

7. Salary shall be a percentage of final salary.

8. Fringe benefits will be paid by the district, or

9. Fringe benefits will be paid by retiree.

Some interesting variations utilized by these districts, contained in Appendix G, are:

1. Some allow participation at age fifty, others at age fifty-five.

2. Some do not allow participation beyond age sixty.

3. Some state there will be no cost to the district.

4. Some limit the number who can participate.

5. Some include and some exclude administrators.

6. Some identify the areas of consultation.

7. One provides a bonus for full retirement within three years.

Data Base

In an attempt to do research on early retirement incentive plans, a search request was sent to the San Mateo Educational Resources Center (SMERC). This center has an information retrieval system that utilizes computer-stored information, including all materials located at the Educational Resources Information Center (ERIC). The search generated two documents: ED #086 057, "Considerations for Faculty Retirement Policies in a Steady-state Condition: A Report to the Provost," by Herbert E. Coolidge and Alton L. Taylor; and ED #083 947, "An Early Retirement

Program for the Stanford Faculty: Report and Recommendations," by Davis S. P. Hopkins. Both of these reports pertained to universities and are not relevant to this practicum.

Visits with George Bystrom, Certificated Personnel Coordinator, Pasadena Unified School District, and Dr. Robert E. McLean, Assistant Superintendent, Personnel Services, Palo Alto City Unified School District, were extremely helpful. Both were generous with their time and shared their material and experience with their plans to date. They also identified several districts that they knew had adopted or were considering adopting ERIPs.

Visits with Michael N. Thome, Chief Executive Officer, State Teachers Retirement System, and William J. Power, Deputy Attorney General, were helpful regarding legal and technical aspects of ERIPs.

Letters were directed to ten school districts that have adopted or were contemplating adopting ERIPs. All districts contacted responded and provided copies of their plans.

Appendix II contains copies of ERIPs submitted by the following school districts: Berkeley Unified, Hayward Unified, Long Beach Unified, Los Gatos Joint Union High, Mill Valley, Palo Alto Unified, and San Rafael City.

Numerous visits with Bert Skaggs, Executive Director, Marin County Council, California Teachers Association, were most informative regarding the association's position on the ERIP concept. He also assisted with the state association's review and approval of Marin's plan.

Several visits with Richard V. Godino, Assistant Marin County Counsel, were invaluable. His advice about the development of an ERIP for Marin County was integral to securing county counsel approval of the plan.

Marin County School Districts

Individual school districts in Marin County have employed various techniques to compensate for the impact of declining enrollment and revised funding formulas. Legal constraints prevent or delay direct administrative action from reducing operating costs. The human element is also a valid factor when considering cost reductions. Recognizing that approximately

85 percent of the district operating costs are directly or indirectly related to employee salaries and benefits, it is difficult to effect meaningful reductions among the remaining 15 percent. It is at least equally difficult to reduce personnel costs in an equitable manner with due consideration to maintenance of an effective educational program, ethnic balance, and employee seniority. Staff manipulation to save money is a most sensitive and trying project and is subject to emotionally intense counteraction. Natural staff attrition and the application of hard managerial concepts, based primarily on a recognized need for economy in operation, could eventually solve the problem. It must be recognized, however, that the California Education Code is not permissive; school boards and administrators may do only those things they are specifically authorized to do to alleviate the situation.

Appropriate legislation would be required to enable school boards to act more quickly and directly to reduce costs in times of economic stress without fear of legal reverberations. This type of direct action is more typical of the private sector of education and may be less than palatable if utilized in the public sector.

The ERIP developed for selected Marin County school districts provides an attractive alternative for some teachers and a little breathing room for some school districts. The ERIP is not proclaimed to be, or intended to be, a final solution.

The greatest concern with declining enrollments and legislated or court-ordered revenue limits is the probability of reduced income without compensatory reductions in per pupil expenditures. Since all aspects of school district finance are essentially controlled by the state, the ultimate long-range solutions should be reached at the state level rather than at individual school districts.

Average Daily Attendance

A survey form was developed and sent to the eight selected school districts. A copy of the survey form and a district-by-district compilation of the responses are presented in Appendix I. The survey was designed to ellicit specific information that would be pertinent in considering an early retirement incentive plan. The following information was requested:

(1) the actual average daily attendance of the district for 1971-72 through 1973-74;

(2) the estimated a.d.a. of the district for 1974-75 through 1977-78;

(3) the number of teachers that have retired or resigned from the district for 1971-72 through 1974-75;

(4) the present pupil/teacher ratio;

(5) the number of teachers separated from the district through 1974-75;

(6) the number of teachers or present staff;

(7) the present estimate of staff reductions necessary over the next three years, 1975-76 through 1977-78;

(8) the possibility of a revenue limit increase during fiscal years 1974-75 through 1976-77;

(9) the actual health benefits provided in the district;

(10) the number of teachers on the staff from ages fifty through fifty-four;

(11) the ages and number of years in the district of certificated staff between fifty-five and sixty-five years of age; and

(12) the name and address of the teachers association president.

All eight districts responded and the data collected can be charted as follows:

(1) the average daily attendance of eight selected Marin County school districts for 1971-72 through 1977-78, and the percent of decline from 1971-72;

(2) the age distribution of the sixty-eight teachers eligible for retirement in the eight selected school districts; and

(3) the number of teachers resigning, retiring, or required to be separated by reduction-in-force procedures in the eight districts for 1971-72 through 1977-78.

Table 6[19] indicates that the a.d.a. has been declining since 1971-72 and will continue to do so, but at a gradually decreasing percentage. The total estimated decline from 1971-72 through 1977-78 is 12.48 percent. Summer school a.d.a. is excluded from the figures shown. Another factor should be noted: Assembly Bill 3976 was passed and became effective on January 1, 1975. This allows children who reach age five after December 1st of any year to be admitted to kindergarten classes if mutually agreeable to the parents and the school district. This was not previously allowable and could increase some kindergarten a. d. a. estimates.

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[19] Tables 6 through 20 were developed by the author.

Table 7 shows the age distribution of the sixty-eight teachers that are of retirement age in the eight selected districts. It is interesting to note that fifty of the sixty-eight (73. 5 percent) are between fifty-five and sixty years of age. One reason for this is noticeable in Table 8.

Table 8 shows the number of teachers that have retired, resigned, or were separated from the districts due to reduction-in-force procedures. During the years 1972-73 and 1973-74 all but the Shoreline Unified District at least initiated reduction-in-force procedures and the turmoil that developed probably influenced some of the older teachers to retire a year or two earlier than they might have under different circumstances. It is not anticipated that attrition in that amount will occur again. During the period 1971-72 through 1974-75 a total of eleven teachers will have been separated due to reduction in force.

It is estimated that ten teachers will resign or retire each year from 1975-76 through 1977-78. If declining enrollment were the only problem, attrition would handle it. However, the major problem is financial; the effect of S. B. 90 is being felt.

Three of the eight districts, Fairfax, Reed Union, and San Anselmo, held revenue limit increase elections on May 27, 1975, which failed. Kentfield plans to hold an election in November, 1975.

The survey data brought to light several other interesting pieces of information:

1. The eight districts employ 454 teachers, of which sixty-seven or 14.76 percent are between the ages of fifty and fifty-four; and sixty-eight or 14.98 percent are between the ages of fifty-five and sixty-five; totally 135 or 29.74 percent are between fifty and sixty-four years of age. See Table 9.

2. The average pupil/teacher ratio for the seven districts, excluding the Marin County Schools Office,[20] is

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[20] The county office operates special education classes that are mandated according to size and vary from three for the deaf and blind class to fifteen at Juvenile Hall.

20.61 to one. The S. B. 90 formula is partially based on the statewide pupil/teacher average of twenty-seven to one. This fact, combined with state average expenditures and assessed valuation per pupil, tightens the financial knot on Marin County school districts.

3. All eight districts provide Kaiser or Blue Cross health insurance for their employees. Two districts, Reed Union and Shoreline Unified, also provide California Vision Service for their employees. The districts' costs for these health, dental, and vision services is approximately $500.

Table 6. Average Daily Attendance of Eight Selected Marin County School Districts for 1971-72 Through 1977-78 and the Percent of Decline from 1971-72

1. Sausalito 3. Reed 5. Ross 7. Fairfax

2. Kentfield 4. Shoreline 6. San Anselmo 8. County Schools Office

	ACTUAL			ESTIMATED				Percent of Decline
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	
1.	482	547	543	493	478	470	460	4.56
2.	1282	1262	1243	1230	1220	1205	1200	6.40
3.	1963	1871	1835	1829	1805	1790	1770	9.83
4.	893	850	817	840	828	825	825	7.61
5.	473	505	491	480	450	440	430	9.09
6.	1938	1783	1766	1682	1634	1602	1595	17.70
7.	1066	980	951	863	850	840	835	21.67
8.	404	395	353	350	345	340	330	18.32
Total	8501	8193	7999	7767	7610	7512	7440	12.48

Table 7. Distribution by Age of the Sixty-eight Retirement-Eligible Teachers in Eight Selected Marin County School Districts

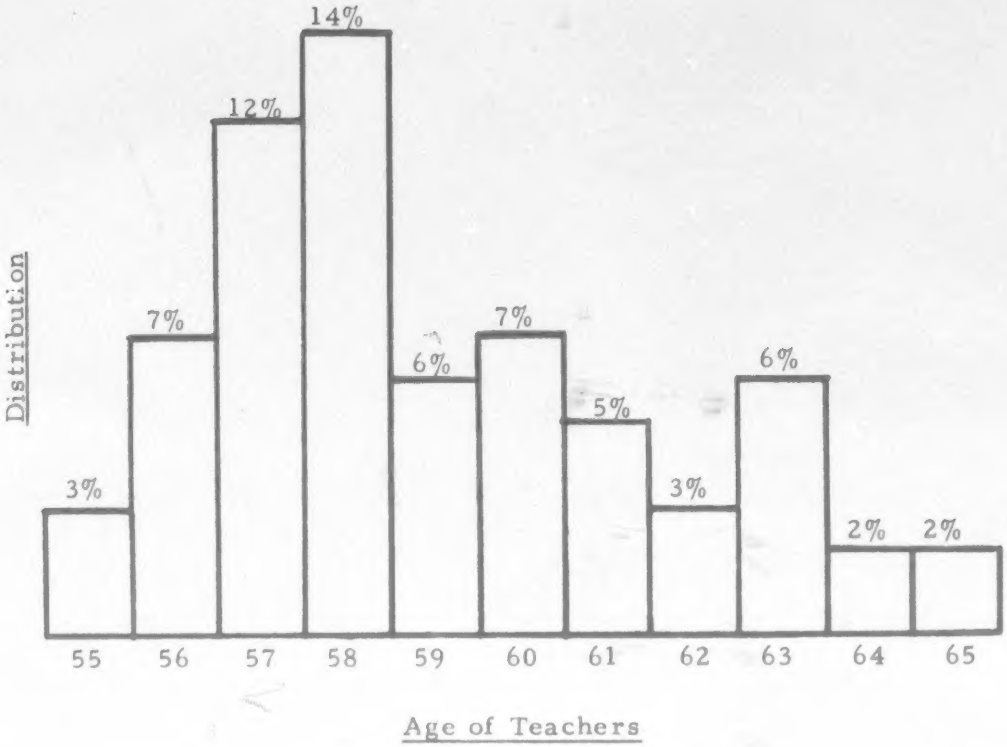

Table 8. Number of Teachers Resigning, Retiring, or Required to be Separated by Reduction-in-force Procedures for Eight Selected Marin County School Districts, 1971-72 Through 1977-78

1. Sausalito	3. Reed	5. Ross	7. Fairfax
2. Kentfield	4. Shoreline	6. San Anselmo	8. County Schools Office

	ACTUAL			ESTIMATED				Reduction in Force
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	
1.	3	3	8	2	2	2	2	0
2.	3	6	4 (2)	2	2	1	2	2
3.	0	1	4 (1)	1	5	3	1	1
4.	4	5	2	2	2	2	2	0
5.	0	1	1	1	1	1	1	0
6.	0	6 (4)	3 (1)	1 (3)	3	1	1	8
7.	1	3	2	2	4	3	2	0
8.	3	1	0	1	2	2	2	0
Total	14	26 (4)	24 (4)	12 (3)	21	15	18	11

Numbers in parenthesis indicate reduction-in-force procedures.

Table 9. Ages and Pupil/Teacher Ratios of Marin County Teachers

1. Sausalito
2. Kentfield
3. Reed
4. Shoreline
5. Ross
6. San Anselmo
7. Fairfax
8. County Schools Office

	Number of Teachers	Teachers Aged 50-54	Teachers Aged 55-65	Pupil/Teacher Ratio
1.	24	8	8	20.88
2.	64	7	13	23.02
3.	80	10	11	22.80
4.	54	9	7	16.30
5.	30	4	4	16.01
6.	87	12	7	25.03
7.	43	7	6	20.20
8.	72	10	12	N/A
Total	454	67 (14.76%)*	68 (14.98%)*	20.61

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*Total Number of Teachers aged 50-65 is 135 (29.74%).

6. MARIN COUNTY

Marin County, California is located just north of San Francisco and is connected to the city via the Golden Gate Bridge. The county has a population of about 250,000 people. The 1970 census showed that Marin County has both the highest level of educational attainment by its adults and the highest income per capita in the state. Most heads of households are business or professional people who commute to work in San Francisco.

The county's public educational structure consists of sixteen elementary school districts, two high school districts, two unified school districts, the Marin Community College District, and the County Superintendent of Schools Office, serving a total student population of about 50,000 students. The county also has twenty-nine private or parochial elementary schools and thirteen private or parochial high schools, plus parochial Dominican College, serving another 10,000 students.

Historically, the county's public schools have performed extremely well on state-required achievement tests, fourteen out of twenty districts scoring in the top 10 percent of the state.

As Deputy Superintendent, Marin County Superintendent of Schools Office, I have fiscal and operational responsibility for twenty-eight special education programs ranging from severely mentally retarded to the academic program at San Quentin Prison. The Superintendent of Schools Office also attempts to resolve specific problems that affect most public school districts in the county. The office is empowered to operate special education programs and to provide audit accounting and audio-visual services to Marin County school districts. For the smaller direct service districts*, this office provides health, psychological, and supervisory services. Otherwise, the school districts are autonomous units, each with its own elected board of trustees and administration.

Education in Marin County is a microcosm of the general statewide picture: declining enrollments, revenue limits under S. B. 90, and reduction-in-force procedures. However, Marin County school districts have not as yet been as greatly affected by these three conditions as most districts in the state. This is primarily due to the fact that most of Marin's school districts are wealthy and have had fairly sizeable reserves upon which to draw. For example, in 1973-74, the average assessed valuation per a.d.a. was $33,767 for elementary districts and the high school average was $69,004. Both of these amounts are considerably above the state average.

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*Direct service districts have an a. d. a. below 901.

Elementary and high school enrollments have dropped by 3,146 pupils during the school years 1970-71 through 1973-74.[21] This enrollment decline would normally have a relative reduction in the teaching staff of some 125 teachers. However, attrition and some reduction in force have removed only eighty-seven teachers from the ranks. The remainder are being carried on the district staffs by utilizing reserves. This "deficit financing" procedure has seriously eroded reserves in most districts.

Historically, Marin has been a prime teaching area and few teachers leave once appointed to a position. Thus, a large percentage of each district's teaching staff is on the expensive end of the salary schedule, both in terms of training and experience.

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[21] Office of Virgil S. Hollis, Marin County Superintendent of Schools, "Statistical Bulletin #1," rev. August 23, 1974.

For several years, school boards and administrators have been trying such tactics as extending leaves of absence and "share-a-position" programs to avoid layoffs of youthful and minority staff, and to reduce district costs. These have not proven successful and the need for a creative alternative to retain the most recently hired teachers is imperative. In Marin County, ethnic minorities constitute only about 2 percent of the total population. There has been, however, a concerted effort by school districts to recruit minority teachers.

The abundance of teachers available to Marin County over the past few years has allowed districts to be very selective. Thus, reduction in force is an extremely controversial issue. Parents and students resent and resist the last hired, first fired concept. School boards are subjected to tremendous pressure to retain younger staff members and generally have done so through the use of reserve funds.

Short-range budget projections for Marin districts clearly indicate that the effect of revenue limits and depleted reserves caused by S. B. 90 will require staff reductions or program reductions, or both, in the 1975-76 or 1976-77 school years. A number of districts will be going to the voters with revenue limit increase elections. In 1974 and 1975, Marin County voters refused to approve revenue limit increases at the polls.

In summary, the healthy financial situations of school districts in Marin County have somewhat shielded them in the past from the impact of enrollment declines and S. B. 90. But the future will bring definite changes even to affluent Marin County. There is no alternative for junior staff members; but, there is a new alternative for some of the senior staff members. That alternative is the early retirement incentive program.

7. MARIN'S ERIP

District Selection

The practicum design recognized that one person could not cover the nineteen elementary and high school districts, the community college, and the county schools office. To overcome this problem, the following logic was used.

The six smallest districts, Bolinas-Stinson Union, Laguna Joint, Lagunitas, Lincoln, Nicasio, and Union Joint have under 250 a.d.a. and do not appear to have staff reduction problems. They will be contacted, provided with the basic material developed for this practicum, and assisted if they wish to participate.

The six large school districts, Dixie, Larkspur, Mill Valley, Novato Unified, San Rafael City, and Tamalpais Union High have indicated an interest in the program. Each of these districts has an administrator responsible for personnel. The plan is to explain the program thoroughly to each of the administrators and to participate with them on a consultant basis in implementing the program.

The Marin Community College District has an increasing enrollment, and has an entirely different financial structure. Therefore, it will not be included in this practicum.

The seven middle-sized school districts, Fairfax, Kentfield, Reed Union, Ross, San Anselmo, Sausalito, Shoreline Unified, plus the county schools office have the most pressing need for direct assistance. These eight districts were selected as the target districts for implementing the ERIP.

The proposed plan for the selected Marin County school districts is presented with an analysis of its various provisions.

Purpose

The governing board of the district desires to obtain the services of an educational consultant to supplement, but not replace, assistance from the state and county in discharging its legal obligation to provide an adequate educational program. The consultant is specially trained, experienced, and competent to perform such services.

Voluntary Participation

Participants must apply to the governing board for admission to the program. This is a voluntary participation program intended to provide an educational alternative that is mutually beneficial to a qualified, experienced teacher as well as to the school district. The voluntary aspect cannot be stressed too strongly. Participation in the program must be carefully considered.

This program will provide the district with the opportunity to secure the services of highly qualified and experienced personnel to: (1) assist in the development of curriculum, (2) evaluate instructional programs, (3) assist in the improvement of teaching strategies, (4) assist new or inexperienced teachers, (5) develop learning materials, and (6) conduct research projects.

The plan will provide employees of retirement age the opportunity to exercise their retirement options at an earlier age and at the same time supplement their retirement incomes. The ERIP provides an additional retirement alternative to certificated personnel; it is not an alternative to a proper evaluation program.

Eligibility

Participants must have served satisfactorily in the district for a minimum of five years. The minimum experience requirement assures the district that the participant will have had reasonable exposure to the staff, and the direction and operation of the district, and that the district will have had an opportunity to assess the professional skills and talent of the participant.

Creating a financial gain for the district is not the stated purpose of the ERIP. Consistent with this approach, a participant is not required to earn a specified minimum salary or to have achieved a specified position on the salary schedule.

Participants must have attained the age of fifty-five. Employees cannot receive benefits under the STRS until they have reached age fifty-five. Those resigning before this time not only will not receive retirement allowances until age fifty-five, but will have severely altered death, disability, and beneficiary rights in the interim. Allowing participation below age fifty-five would permit serious financial risk for the participant and his or her dependents, and, possibly, for the district.

Conditions of Employment

The participant opting for the ERIP receives a one-year contract, renewable annually for five years or to age sixty-five whichever comes first. Renewal is subject to satisfactory performance of the assigned activity and must be approved by the board of trustees. The board may determine in any year that they no longer wish to participate in the plan. However, participants with approved contracts are guaranteed that the contracts in force will be honored.

Participants selecting this plan will serve twenty days per school year as a consultant for the district. The administration will involve the participant in the design of the consultant activity. Such activities, by definition, shall be in the best interests of the district and within the capability of the participants.

The Attorney General's Opinion clearly establishes that the services performed should be unique and/or services that the current district staff cannot adequately provide, and should utilize the professional training and talent of the participant.

Annual compensation for the twenty days of service shall be $4,000, plus an amount equal to the health benefits (Kaiser, Blue Cross, California Dental Service, California Vision Service) currently provided the certificated staff in the district. The participant may use these funds to maintain membership in district health benefit programs if he or she desires.

This establishes the consultation rate of $200 per day and would be the amount used if the district and the participant agreed to extend the service period beyond twenty days.

Participants considering this plan are required to attend a counseling session designed to review thoroughly the financial ramifications of this program. It is extremely important that each participant and his or her family clearly understand the financial impact, both short and long range, of opting for this plan. To assist participants, arrangements have been made with V. C. Kristensen and Associates to provide a computerized financial analysis. This analysis is available, at no cost, to each potential participant who wishes to utilize it, and is willing to provide the necessary data for analysis. The analysis is sent directly to the participant, who has the option of reviewing the results with the district. This retirement analysis program is discussed further in chapter 9, and provided in Appendix K.

In addition to the analysis, each participant is strongly encouraged to review all relevant materials presented to him or her with CTA representatives, dependents, family attorney, and accountant.

Participants must submit a written resignation and have it accepted by the board prior to implementation of an ERIP contract. When a resignation is submitted in conjunction with administration's recommendation for the individual's acceptance into the ERIP, the resignation should contain the following language: "This resignation is contingent upon acceptance by the governing board of my participation in the district's early retirement incentive program."

At a regular meeting the board of education must have two agenda items relating to ERIPs. They are by majority vote to formally (1) accept the individual's resignation, and (2) approve the recommended ERIP contract for a period of up to five years.

Marin's ERIP was developed within the guidelines of the Attorney General's Opinion and utilized the experience of the pioneer districts. The variable components were identified and the negotiations process centered upon reaching agreement on the variables. From the initial consideration of the plan, and during its development, there was considerable involvement of the teaching staffs, administrative staffs, and boards of education. This involvement facilitated an understanding of the plan before it was presented for final adoption.

Marin's ERIP Contract

Another aspect of the ERIP is less visable but equally important. That is the development of an agreement or contract that incorporates the components of the plan and provides other legal necessities to protect the district and consultant.

The development of a comprehensive contract proved to be an extremely time-consuming project. The CTA attorneys and county counsel both agreed that the contract should contain clauses specifying: (1) the purpose; (2) the services to be rendered; (3) the terms of the agreement; (4) the days of service; (5) the compensation; (6) the time and method of payment; (7) the handling of expenses; (8) the fringe benefit coverage; (9) the modification process; and (10) the applicable laws blanket.

These items are standard in educational contracts. The ERIP deals with an independent, private contractor and therefore requires some additional clauses that are common to the private sector but not to the public sector. The CTA attorneys and county counsel both agreed that the clauses were needed but were extremely sensitive about the wording, intent, and scope of each clause. Considerable negotiations with each party was required to resolve concerns about the clauses specifying (1) independent contractor status; (2) voluntary election; (3) failure to perform; (4) termination by consultant; (5) hold harmless provisions; (6) nonassignable status; and (7) workman's compensation or self insurance.

A significant portion of the time spent in presenting the ERIP was taken up in explaining the contract agreement. While the ERIP components are negotiable, it was never agreed that the contract itself was subject to the negotiation process. The contract agreement was presented as a legal instrument designed to implement the results of the negotiated ERIP, thereby protecting the school district as well as the consultant/participant. A complete copy of the contract is included in Appendix J.

The agreement contract is a very complete, complex, and concise document. It is recognized, however, that neither the ERIP concept nor the contract have been tested in a court of law. Therefore, it is imperative that neither school boards nor administrators violate the basic concept of the early retirement incentive plan or its attendant contract. Every effort has been made to insure that, if properly implemented and adhered to, the plan will be favorably viewed by the court.

Financial Implications

Marin's ERIP has financial implications for both the participant and the school district. The following materials have been developed to illustrate the ERIP in operation.

In order to minimize the complex salary schedule, retirement, and participant variables among the eight selected school districts, the illustrations are based on the following assumptions:

1. Teacher A is fifty-five years old, has a twenty-five-year membership in STRS, has thirteen years in the district, and is at the top of the salary schedule in both training and experience.

2. Teacher B is fifty-eight years old, has a twenty-eight-year membership in STRS, has thirteen years in the district, and is at the top of the salary schedule in both training and experience.

3. Teacher C is sixty years old, has a thirty-year membership in STRS, has thirteen years in the district, and is at the top of the salary schedule in both training and experience.

4. Each teacher desires to participate in an ERIP effective July 1, 1975.

5. The health benefit allowance in each district is $500.

6. The amount used for the highest three years of consecutive salary is the present placement on the 1973-74 salary schedule. (Many districts provide additional compensation for

longevity or the possession of a master's and/or doctor's degree. Thus, the computed three-year average would approximate the final salary placement.)

7. The retiring teacher will be replaced by a fully certified first-year teacher.

8. The net monthly salary is the gross monthly salary less mandatory deductions for federal withholding tax (two deductions, self and spouse) and STRS contributions plus professional dues.

9. The STRS percentages used in each case are the unmodified amounts. (There are two other settlement options provided by STRS that involve beneficiary protection and reduced monthly payments. These options need to be clearly understood by participants.)

The following data was obtained from the booklet "Marin County School Districts Salary Schedules, 1973-74":

1. The salary schedule amounts for a teacher in Step I, with a bachelor's degree plus thirty units.

2. The salary schedule amounts for a teacher at the top of the schedule, excluding longevity and advanced degree considerations.

3. The salary difference between these two positions on the salary schedule.

The selected districts were given numbers according to their rank from largest difference to smallest, as shown in Table 10.

Table 10. Districts Ranked According to Salary Differences

District	First Step AB + 30	Last Step AB + 60	Difference
1. Sausalito	$9,633	$17,068	$7,435
2. San Anselmo	9,168	16,004	6,818
3. Fairfax	9,198	15,781	6,583
4. Ross	9,034	15,525	6,491
5. Kentfield	9,730	16,220	6,490
6. Reed Union	9,435	15,760	6,325
7. Shoreline Unified	8,793	15,058	6,265
8. County Schools Office	9,483	15,340	5,857

Based on the listed assumptions, the tables that follow demonstrate how the ERIP would function in the districts ranked first, fourth, and eighth in relation to hypothetical teachers A, B, and C. Tables 11, 12, and 13 illustrate the difference in net or "take-home" compensation between a teacher holding a regular teaching position and the same teacher participating in an ERIP during fiscal year 1975-76. Table 14 illustrates the cost to the district and the estimated district savings by providing an ERIP for fiscal year 1975-76.

Future Projections

Marin's ERIP is designed for a period of up to five years. Therefore, a projected five-year look at the plan in operation is essential. In order to illustrate the financial implications over the next five years, some additional assumptions are necessary.

1. The present economy: S. B. 90 and the Serrano Decision in some combination will adversely affect Marin County school districts and limit funds available for teacher compensation. The projections are based on a 3 percent per year cost of living applied uniformly across each district's salary schedule.

Table 11. Comparison of Net Compensation Between a Teacher Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Year 1975-76 in District 1

	Teacher A 55 years old 25 yrs with STRS	Teacher B 58 years old 28 yrs with STRS	Teacher C 60 years old 30 yrs with STRS
Annual Salary	$ 17,068	$ 17,068	$ 17,068
Monthly Salary	1,422	1,422	1,422
Less:			
Withholding Tax[1]			
Federal	237	237	237
State	34	34	34
STRS[2]	114	114	114
Professional Dues[3]	9	9	9
Total Deductions	$ 394	$ 394	$ 394
Net Monthly Salary	$ 1,028	$ 1,028	$ 1,028
STRS Monthly Payment[4]	498	701	853
Consultant Fee[5]	333	333	333
Monthly Total	$ 831	$ 1,034	$ 1,186
Difference per Month[6] (+ or -)	$ - 197	$ + 6	$ + 158

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[1] State and federal withholding tax based on self and spouse.

[2] STRS contribution is 8 percent of gross salary.

[3] Professional dues based on state and local amounts.

[4] STRS payment, unmodified amount.

[5] Consultant fee is 1/12 per month.

[6] Difference could be affected by participation in social security, or consequences of consultant's fee.

Table 12. Comparison of Net Compensation Between a Teacher Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Year 1975-76 in District 4

	Teacher A 55 years old 25 yrs with STRS	Teacher B 58 years old 28 yrs with STRS	Teacher C 60 years old 30 yrs with STRS
Annual Salary	$ 16,000	$ 16,000	$ 16,000
Monthly Salary	1,333	1,333	1,333
Less:			
Withholding Tax[1]			
Federal	215	215	215
State	30	30	30
STRS[2]	107	107	107
Professional Dues[3]	9	9	9
Total Deductions	$ 361	$ 361	$ 361
Net Monthly Salary	$ 972	$ 972	$ 972
STRS Monthly Payment[4]	467	657	800
Consultant Fee[5]	333	333	333
Monthly Total	$ 800	$ 990	$ 1,133
Difference per Month[6] (+ or -)	$ - 172	$ + 18	$ + 141

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[1] State and federal withholding tax based on self and spouse.

[2] STRS contribution is 8 percent of gross salary.

[3] Professional dues based on state and local amounts.

[4] STRS payment, unmodified amount.

[5] Consultant fee is 1/12 per month.

[6] Difference could be affected by participation in social security, or consequences of consultant's fee.

Table 13. Comparison of Net Compensation Between a Teacher Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Year 1975-76 in District 8

	Teacher A 55 years old 25 yrs with STRS	Teacher B 58 years old 28 yrs with STRS	Teacher C 60 years old 30 yrs with STRS
Annual Salary	$ 15,340	$ 15,340	$ 15,340
Monthly Salary	1,278	1,278	1,278
Less:			
Withholding Tax[1]			
Federal	202	202	202
State	27	27	27
STRS[2]	102	102	102
Professional Dues[3]	9	9	9
Total Deduction	$ 340	$ 340	$ 340
Net Monthly Salary	$ 938	$ 938	$ 938
STRS Monthly Payment[4]	447	630	767
Consultant Fee[5]	333	333	333
Monthly Total	$ 780	$ 963	$ 1,100
Difference per Month[6] (+ or -)	$ - 158	$ + 25	$ + 162

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[1] State and federal withholding tax based on self and spouse.

[2] STRS contribution is 8 percent of gross salary.

[3] Professional dues based on state and local amounts.

[4] STRS payment, unmodified amount.

[5] Consultant fee is 1/12 per month.

[6] Difference could be affected by participation in social security, or consequences of consultant's fee.

Table 14. Comparison of Initial Costs to Districts 1, 4, and 8, and Estimated District Savings by Providing an ERIP for Fiscal Year 1975-76

	District 1	District 4	District 8
Participant's Annual Salary	$17,068	$16,000	$15,340
District Contribution to STRS[1]	955	896	859
Health Benefits	500	500	500
Total	$18,523	$17,396	$16,699
Replacement's Annual Salary	$ 9,633	$ 9,034	$ 9,483
District Contribution to STRS[1]	539	506	531
Health Benefits	500	500	500
ERIP	4,500	4,500	4,500
Total	$15,172	$14,540	$15,014
Annual Difference[2]	$ 3,351	$ 2,856	$ 1,685

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[1] District Contribution to STRS for 1975-76 is 5.6 percent of gross salary.

[2] The annual difference will be reduced by the amount of the participant's sick leave credit, if any, which is paid directly to STRS by the district. This consideration applies only during the initial year of participation.

2. The cost of health benefits has been rising and probably will continue to do so. A 5 percent increase per year in the cost of fringe benefits will be utilized in these projections.

3. Each year the replacement teachers will move up one step on their salary schedules. (Horizontal movement could also occur during a five-year period, but is not adjusted for in these projections.)

4. The projections are based on teachers A, B, and C and the previous assumptions.

Tables 15, 16, and 17 illustrate the differences in take-home pay between teachers A, B, and C who hold regular teaching positions, and the same teachers participating in an ERIP during fiscal years 1975-76 through 1979-80 in District 1. Tables 18, 19, and 20 show the cost to the district and the estimated district savings between teachers A, B, and C who hold regular teaching positions, and the same teachers participating in an ERIP during fiscal years 1975-76 through 1979-80 in District 1.

Table 15. Comparison of Net Compensation Between Teacher A Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Years 1975-76 Through 1979-80 in District 1

	1975-76	1976-77	1977-78	1978-79	1979-80
Annual Salary	$17,068	$17,580	$18,107	$18,651	$19,210
Monthly Salary	1,422	1,465	1,509	1,554	1,601
Less:					
Withholding Tax					
Federal	237	247	257	277	282
State	34	35	39	43	44
STRS	114	117	121	124	128
Professional Dues	9	9	9	9	9
Total Deductions	$ 394	$ 408	$ 426	$ 453	$ 463
Net Monthly Salary	$ 1,028	$ 1,057	$ 1,083	$ 1,101	$ 1,138
STRS Monthly Payment[1]	$ 498	$ 508	$ 518	$ 528	$ 538
Consultant Fee	333	333	333	333	333
Monthly Total	$ 831	$ 841	$ 851	$ 861	$ 871
Difference per Month[2] (+ or -)	$ - 197	$ - 216	$ - 232	$ - 240	$ - 267

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[1] STRS payments increase by improvement factor of 2 percent annually, uncompounded.

[2] Plus health benefits.

Table 16. Comparison of Net Compensation Between Teacher B Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Years 1975-76 Through 1979-80 in District 1

	1975-76	1976-77	1977-78	1978-79	1979-80
Annual Salary	$17,068	$17,580	$18,107	$18,651	$19,210
Monthly Salary	1,422	1,465	1,509	1,554	1,601
Less:					
Withholding Tax					
Federal	237	247	257	277	282
State	34	35	39	43	44
STRS	114	117	121	124	128
Professional Dues	9	9	9	9	9
Total Deductions	$ 394	$ 408	$ 426	$ 453	$ 463
Net Monthly Salary	$ 1,028	$ 1,057	$ 1,083	$ 1,101	$ 1,138
STRS Monthly Payment[1]	$ 701	$ 715	$ 729	$ 743	$ 757
Consultant Fee	333	333	333	333	333
Monthly Total	$ 1,034	$ 1,048	$ 1,062	$ 1,076	$ 1,090
Difference per Month[2] (+ or -)	$ + 6	$ - 9	$ - 21	$ - 25	$ - 48

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[1] STRS payments increase by improvement factor of 2 percent annually, uncompounded.

[2] Plus health benefits.

Table 17. Comparison of Net Compensation Between Teacher C Holding a Regular Teaching Position and the Same Teacher Participating in an ERIP During Fiscal Years 1975-76 Through 1979-80 in District 1

	1975-76	1976-77	1977-78	1978-79	1979-80
Annual Salary	$17,068	$17,580	$18,107	$18,651	$19,210
Monthly Salary	1,422	1,465	1,509	1,554	1,601
Less:					
Withholding Tax					
Federal	237	247	257	277	282
State	34	35	39	43	44
STRS	114	117	121	124	128
Professional Dues	9	9	9	9	9
Total Deductions	$ 394	$ 408	$ 426	$ 453	$ 463
Net Monthly Salary	$ 1,028	$ 1,057	$ 1,083	$ 1,101	$ 1,138
STRS Monthly Payment[1]	$ 853	$ 870	$ 887	$ 904	$ 921
Consultant Fee	333	333	333	333	333
Monthly Total	$ 1,186	$ 1,203	$ 1,220	$ 1,237	$ 1,254
Difference per Month[2] (+ or -)	$ + 158	$ + 146	$ + 137	$ + 136	$ + 116

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[1] STRS payments increase by improvement factor of 2 percent annually, uncompounded.

[2] Plus health benefits.

Table 18. Comparison of Long-range Costs to District 1 and Estimated District Savings by Providing an ERIP for Fiscal Years 1975-76 Through 1979-80

	1975-76	1976-77	1977-78	1978-79	1979-80
Participant's Annual Salary[1]	$17,068	$17,580	$18,107	$18,651	$19,210
District Contribution to STRS[2]	905	1,125	1,304	1,492	1,530
Health Benefits[3]	500	525	551	579	608
Total	$18,523	$19,230	$19,962	$20,672	$21,348
Replacement's Annual Salary[1]	$ 9,633	$10,434	$11,271	$12,152	$13,076
District Contribution to STRS[2]	539	663	812	972	1,046
Health Benefits[3]	500	525	551	579	608
ERIP Costs	4,500	4,525	4,551	4,579	4,608
Total	$15,172	$16,152	$17,185	$18,282	$19,338
Annual Difference (+ or -)[4]	$+3,351	$+3,078	$+2,777	$+2,390	$+2,010

---

[1] Participant and Replacement teacher advance one step on salary schedule each year and the 3 percent annual increase is compounded.

[2] Under current law, district contributions to STRS increase .8 percent each year beginning at 5.6 percent until 8.0 percent is reached.

[3] Health benefits increase by 5 percent annually.

[4] The first year annual difference will be reduced by the amount of the participant's sick leave credit, if any.

Table 19. Comparison of Long-range Costs to District 4 and Estimated District Savings by Providing an ERIP for Fiscal Years 1975-76 Through 1979-80

	1975-76	1976-77	1977-78	1978-79	1979-80
Participant's Annual Salary[1]	$16,000	$16,480	$16,974	$17,483	$18,007
District Contribution to STRS[2]	896	1,055	1,222	1,399	1,441
Health Benefits[3]	500	525	551	579	608
Total	$17,396	$18,060	$18,747	$19,461	$20,056
Replacement's Annual Salary[1]	$ 9,034	$ 9,794	$10,593	$11,429	$12,306
District Contribution to STRS[2]	506	627	763	914	948
Health Benefits[3]	500	525	551	579	608
ERIP Costs	4,500	4,525	4,551	4,579	4,608
Total	$14,540	$15,471	$16,458	$17,501	$18,470
Annual Difference (+ or -)[4]	$+2,856	$+2,589	$+2,289	$+1,960	$+1,586

---

[1] Participant and Replacement teacher advance one step on salary schedule each year and the 3 percent annual increase is compounded.

[2] Under current law, district contributions to STRS increase .8 percent each year beginning at 5.6 percent until 8.0 percent is reached.

[3] Health benefits increase by 5 percent annually.

[4] The first year annual difference will be reduced by the amount of the participant's sick leave credit, if any.

Table 20. Comparison of Long-range Costs to District 8 and Estimated District Savings by Providing an ERIP for Fiscal Years 1975-76 Through 1979-80

	1975-76	1976-77	1977-78	1978-79	1979-80
Participant's Annual Salary[1]	$15,340	$15,800	$16,274	$16,762	$17,265
District Contribution to STRS[2]	859	1,011	1,172	1,341	1,381
Health Benefits[3]	500	525	551	579	608
Total	$16,699	$17,336	$17,997	$18,682	$19,254
Replacement's Annual Salary[1]	$ 9,483	$10,588	$11,752	$12,759	$13,813
District Contribution to STRS[2]	531	678	846	1,021	1,105
Health Benefits[3]	500	525	551	579	608
ERIP Costs	4,500	4,525	4,551	4,579	4,608
Total	$15,014	$16,316	$17,700	$18,938	$20,134
Annual Difference (+ or -)[4]	$+1,685	$+1,020	$+ 297	$- 256	$- 880

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[1] Participant and Replacement teacher advance one step on salary schedule each year and the 3 percent annual increase is compounded.

[2] Under current law, district contributions to STRS increase .8 percent each year beginning at 5.6 percent until 8.0 percent is reached.

[3] Health benefits increase by 5 percent annually.

[4] The first year annual difference will be reduced by the amount of the participant's sick leave credit, if any.

It should be noted that teacher A, retiring at age fifty-five with twenty-five years in STRS, received from STRS 35 percent of his or her highest consecutive three years' salary. Had the same individual continued teaching until age sixty with thirty years in STRS, he or she would have received 60 percent of that salary.

Teacher B, retiring at age fifty-eight with twenty-eight years in STRS, received 49.28 percent of his or her highest consecutive three years' salary. Had the same individual continued teaching until age sixty-three with thirty-three years in STRS, he or she would have received 66 percent of that salary.

Teacher C, retiring at age sixty with thirty years in STRS, received 60 percent of his or her highest consecutive three years' salary. Had the same individual continued teaching until age sixty-five with thirty-five years in STRS, he or she would have received 70 percent of that salary.

Teacher A, by teaching five more years, increased the STRS compensation from 35 percent to 60 percent, an increase of 25 percent. Teacher B, by teaching five more years, increased the STRS compensation from 49.28 percent to 66 percent, an increase of 15.72 percent. And, teacher C, by teaching five more years, increased the STRS compensation from 60 percent to 70 percent, an increase of 10 percent. Note that the STRS makes it less financially rewarding in terms of retirement compensation to continue teaching beyond age sixty. These percentages are all unmodified allowances from Appendix D of "CTA Member's Guide to Family, Disability and Retirement Benefits," part of this work's Appendix E.

8. AGEISM

Pasadena's Early Retirement Incentive Program and its subsequent development and modifications brought the concept of ERIPs under close scrutiny by affected interest groups. The Attorney General's Opinion established the legality of the concept and virtually eliminated the tumult surrounding early retirement incentive plans.

However, another aspect of early retirement incentive plans is neither legal nor political and requires equally close scrutiny. This is the issue of ageism in relation to the ERIP concept. In evaluating this practicum proposal, Murray Heyert succinctly stated the issue:

> However, we feel compelled to make a personal comment. Although we can discover no hint of a coercive element in your plan, we are disturbed by the possibility that the implementation of early retirement inducements, by the simple fact of their official acceptance, may contain an implied element of coercion. And, we cannot escape the uneasy feeling that the basic concept edges very close to age-ism, which, we are sure you realize, is job descrimination as vicious as racism and sexism. To this reader, at least, you seem to imply that older teachers are more readily disposable than the younger, which is not very far from suggesting that a black teacher may be more readily disposable than a white

> one, or a woman than a man. And once we accept age as a criterion for disposability, it is not a very great step to move the retirement from, say, age 50 to age 40.[22]

S. O. Kaylin added related dimensions to this issue with these comments:

> You may be able to respond in part to the moral question raised by the reviewer by changing your position from one of advocacy to one of adjudication. That is to say, your conceptualized solution notes the advantages to teachers and districts of an early retirement program, but does not note the disadvantages. The general tone of the proposal leaves an impression that young teachers and recently recruited minority staff members are uniformly more useful to the school system than older teachers. The proposal does not deal with the same specificity with the disadvantages of your proposal as it does with the advantages....
>
> You have already addressed yourself in part to this question. For example, provisions for retired teachers to work as consultants, and the need to perform analyses of individual situations. Behind these possible solutions are questions which you have not made explicit. For example, is $4,000 a year sufficient to repair the psychic damage inflicted on a 50-year-old teacher who has been told he/she is really no longer a useful member of society;

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[22] Murray Heyert, Evaluation of Maxi II Proposal: "Developing and Implementing an Early Retirement Incentive Program for Marin County School Districts," April 26, 1974, p. 2.

> and is the $4,000 a crumb intended to provide physical maintenance only? Would the force of the proposed plan be applied equally to administrators and teachers, or would administrators be exempt from the notion that youth is the predominant requirement?[23]

If the ERIP concept is to be a viable one for teachers and school districts, it must be able to answer the moral concerns that have been raised.

The ERIP concept was born out of the need to resolve a financial dilemma, compounded by a declining enrollment that inevitably leads to a reduction in staff. This situation is one which many school districts have been or soon will be facing in California.

The California Education Code very precisely prescribes how reduction in force shall occur. Simplistically, it is "last hired, first fired." There are no alternatives available for new teachers when staff is to be reduced; they are always the ones released.

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[23] S. O. Kaylin, Note added to Heyert, Evaluation, April 29, 1974.

Conversely, senior teachers and administrators, ages fifty-five to sixty-five, have had one alternative. They could, financial circumstances allowing, simply retire from the teaching profession. When these people retired early, their knowledge and expertise were generally lost to the district.

There existed the need of another alternative. For teachers, the concept of adult life consisting of fifty years divided roughly into thirty or more years of teaching and then retirement for twenty years or so is changing. Teachers in California more and more appear to feel that the demands of the classroom coupled with all of the pressures applied to teachers and students by the legislature, school boards, school administrators, parents, and society generally make thirty years of teaching less and less palatable. Teachers are increasingly having to cope with individual pupil needs, which parallel growing social problems and complexities--often without adequate materials and resources, and generally with too-large classes--all further contributing to the wish for ways to leave teaching before age sixty-five. Further, there are those in teaching who, like others in our community, would like to pursue other professions, vocations, or avocations.

A number of teachers would prefer, and are financially able, to leave the classroom. They would rather phase out of the profession than be eliminated from it at a fixed age by their district. This group, with some financial assistance from the district, could choose to retire and also make their knowledge and expertise available to the district on a limited basis. The key here is choice--there is no worse ageism than mandatory retirement.

The ERIP concept will apply to and meet the needs of only a few in each district. But, it provides a new alternative for some educators that will benefit both the educator and the school district.

It is imperative to be honest when discussing ERIPs with teachers, administrators, and school boards. The ERIP concept, buttressed by the Attorney General's Opinion, clearly establishes the context of such plans and invites a court action if violated. Some of the critical elements when presenting an ERIP are:

1. Voluntary participation. When a board adopts an ERIP, a teacher or administrator must petition the board to

participate in the plan. Any attempt to coerce or "make a deal" with certain teachers to participate is extremely risky to the district and entirely alien to the ERIP concept. Some districts recognize that a balanced staff is a blend of experienced and inexperienced teachers and limit the number of experienced teachers who may participate in the plan.

2. Financial loss of participants. Persons who participate in an ERIP receive less income by retiring early. The amount of loss varies due to a number of factors, and each teacher must carefully evaluate his or her particular circumstances. During the time a teacher serves as a consultant, the consultant's fee plus retirement income will approximate, or in many cases, exceed the teacher's take-home pay for a regular teaching assignment.

3. Bonafide consultations. ERIPs are designed so that a retiree is employed by the district as a consultant. The task or project assigned the consultant must be a meaningful one that meets a district's needs, and the consultant must have the expertise to carry out the assignment effectively.

Ageism is an issue only because achieving retirement age is one prerequisite to participation. The desire to participate, the financial ability to do so, experience in the district, the expertise of the individual, and the needs of the district are equally important parts of the ERIP equation.

It is interesting to note that, unlike the private sector, there has been no attempt by associations, teachers, administrators, school boards, or the California Legislature to establish a mandatory retirement age. California's Education Code section 13446 provides that on reaching the age of sixty-five teachers and administrators no longer have any tenure or seniority rights. School districts may continue to employ a person over sixty-five if they so desire. In general, teachers and administrators rarely request continuation of employment after age sixty-five.

This Education Code provision, in effect for over forty years, has not proven to be any problem, and there is no indication of any move to alter its meaning.

Marin's ERIP employs the term "participant" and does not make any distinction between teachers and administrators in applying the concept. (Some of the ERIPs in Appendices G and H are restricted to teachers only). The plan responds to the expressed needs of certain educators for a retirement alternative that provides considerably less demand on their time and suitable compensation for the experience and expertise they bring to their appointed tasks.

9. RETIREMENT ANALYSIS

An individual considering participation in an ERIP needs to review critically the financial implications of this action.

A short-range analysis is relatively simple. The amount that would be received monthly from STRS can be accurately computed. To this is added the annual consultation fee under the ERIP, plus other income sources, such as interest, dividends, and social security. Anticipated income can be added, if the individual is planning to work at some other occupation or perhaps substitute teach in another district. Also, while participating in an ERIP, he or she can establish up to twenty quarters for social security benefits (forty quarters are required to draw benefits).

A long-range analysis is considerably more difficult and must consider the following aspects:

(1) annual retirement income desired by today's standards;

(2) estimate of long-range inflation trend;

(3) estimated life span and that of spouse;

(4) net return expected on investments;

(5) estimated annual social security benefits, if any;

(6) reduced retirement living standard, what percentage at what age;

(7) salary and wages expected to be earned during retirement -- the age it would start and the age it would end.

(8) any anticipated significant sums of money available during retirement to augment the retirement program (such as, cash value of certain insurance policy proceeds from the sale of business or property).

(9) foreseeable other income of a fixed nature (annuity, note payments, rental income, sale of property, etc.), and ages income would start and end;

(10) foreseeable extraordinary cash requirements (purchase of cars and property), and age when anticipated.

This list is not all-inclusive. Each individual's financial situation, retirement needs, and perception of inflationary trends will be different. Thus, long-range analysis is both crucial and complex. It is extremely important that a potential participant in an ERIP clearly analyze the long-range implications of that participant.

Recognizing the participant's need for assistance with long-range analysis when designing this practicum, I intended to review a computerized retirement analysis, such as the one that was used by the Palo Alto Unified School District, modify it, if necessary, and program it for placement in our computers.

Reviewing this process with Richard Godino, Assistant Marin County Counsel, Mr. Godino strongly advised abandonment of this approach since in the future the analysis may prove inaccurate and allow the possibility of a suit against the district, the county, or both. However, he felt it would be permissible to contract with an outside agency to provide the service.

The firm of V. C. Kristensen and Associates of Campbell, California, which handles the retirement analysis for Palo Alto Unified School District, was contacted, and provided copies of its information-gathering form and a sample printout (Appendix K). The material was reviewed by Joseph Amato, Director of Business Services, Marin County Superintendent of Schools Office, and his accounting staff. They felt the financial analysis system was excellent. Therefore, a contract with V. C. Kristensen and Associates was arranged. They are to provide a retirement analysis based on the data provided by the participant at a cost of $5.00 per analysis. The cost of the analysis is to be paid by the participant's district.

A Retirement Alternative

The state legislature provided an additional retirement alternative for teachers by quietly passing Assembly Bill 3339 (Brown), which became effective January 1, 1975. This bill permits districts to provide full retirement credit for reduced teaching service. The measure specifically provides that employees who wish to reduce their workloads and still maintain retirement benefits, as though they were employed on a full-time basis, must meet the following conditions:

1. They must have reached age fifty-five prior to reduction in workload.

2. They must have been employed full time in a position requiring certification for at least ten years, including the immediate preceding five years.

3. The option of part-time employment must be exercised at the request of the employee and, once having been chosen, can only be revoked with the mutual consent of employer and employee.

4. The employee will receive a prorata share of the salary he or she would have earned had full-time employment continued (including sick leave).

5. The minimum part-time employment will be equivalent to one-half the number of days of service required by the employee's contract during the final year of service in a full-time position.

6. The option is limited to K-12 teaching levels and certified employees who hold positions with salaries of that of a school principal or below.

7. The section is not applicable to persons who are administrators in community colleges.

The measure has received little fanfare to date. However, it is a significant alternative and its impact will soon be felt. Bert Skaggs, Executive Director of the Marin County Council, California Teachers Association, stated, "It is my intention to see that A. B. 3339 is included in every negotiation package presented to school districts by the Marin County teachers associations."[24]

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[24] Unrecorded conversation with Bert Skaggs, February, 1975.

While this alternative is not a part of this practicum, materials explaining it have been included as Appendix L. A.B. 3339 involves the same target group as the ERIP, does not require retirement, and has less long-term financial impact. It should be an attractive alternative for some.

10. IMPLEMENTATION

An early retirement incentive plan that is acceptable to county counsel and is supported by the legal staff and local council of the California Teachers Association has completed the design phase of this practicum.

The implementation phase was initiated by a telephone conversation with each district superintendent of the selected districts, thanking him for completing the survey, explaining briefly the status of the plan, making an appointment to explain the plan in detail, sending copies of the ERIP, indicating I would be meeting with the teachers regarding the plan, and that a request would be forthcoming to be placed on a board agenda to discuss the ERIP with the board.

The second step was to telephone each local teachers association president, explain briefly the status of the ERIP, arrange to be placed on the next regular meeting agenda, and send copies of the plan to be read by the executive board members.

These two actions required a number of meetings during

March and early April. An implementation log listing dates, activities, and times is included in Appendix M. The ERIP was received with considerable interest and enthusiasm by the superintendents, the CTA, and the boards of education.

This schedule was interrupted when an opinion was rendered in the San Juan and Yuba City cases which greatly altered the original circumstances involved in ERIPs.

The San Juan and Yuba City Cases

On December 21, 1974, the Court of Appeals for the Third Appellate District decided to hear two cases that greatly expanded the existing scope of employer-employee negotiations. Since both cases involved related fundamental issues respecting employer-employee relationships, the appellate court consolidated the separate appeals.

The court's decision was summarized by the California School Law Reporter. It reads in part:

> 1. Duty to meet and confer: question of scope of representation. The San Juan Board was required . . . to meet and confer on the subject of

> whether a particular subject falls within the mandatory scope of representation -- in those cases where neither statute nor case law answered the question of scope....
>
> 2. Board's power to act unilaterally while meeting and conferring on a particular subject. The court holds that the Board may not act unilaterally with respect to a matter as to which the Board is then meeting and conferring except (1) where reasonable and orderly procedures are not being pursued pursuant to a meet and confer request on the matter, or (2) where a bona fide emergency exists....[25]

Both the San Juan and Yuba City School Districts appealed the decisions to the California Supreme Court. On April 15, 1975 the Supreme Court issued a declaration refusing to accept the San Juan and Yuba City cases for review. This meant that the decisions of the lower court were binding on all trial courts in California. Under this ruling, ERIPs if incorporated in the teachers associations' negotiating packages, could not be acted upon by boards of education.

Negotiating Positions

The impact was immediate. Within a week, six of the eight selected Marin County school districts had requested permission to encompass the ERIP, as designed, in their negotiations packages. Since implementing the plan was the goal, permission was granted for the teachers associations to take the plan intact and incorporate it into their negotiating program.

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[25] California School Law Reporter 1, No. 5: 2.

This move, now legal, obliterated the practicum timeline. It is standard practice in California for individual items within a negotiation package not to be approved until the entire package is negotiated and ratified by both the teachers organizations and the governing boards. It is common for one year's package to run well into the next school year before agreement is reached.

This turn of events did more than delay or possibly jeopardize implementation of the ERIP; it modified my advocacy participation in relationship to the plan. Requests were received from several teachers associations for negotiating assistance with the ERIP when it came up at the negotiating table. This proved to be an extremely awkward situation because my present position entails providing advice to negotiating teams who represent the superintendents and governing boards. The solution in four districts - Kentfield, Reed

Union, San Anselmo, and Sausalito - was to sit in on negotiating sessions regarding the ERIP as an advisor to both parties.

The political reality of the situation was quite apparent. The teachers associations supported the ERIP concept and had in their hands a plan that was fully researched and developed, had been approved by county counsel, and had already been presented for initial consideration to the administration and boards of education. By placing the ERIP in their negotiating package, the teachers associations had a "plum" that they could claim as an association-negotiated gain with the membership.

A second political reality was that my participation with the Marin ERIP had to change to a different basis. My new role was the impartial "resident expert" on ERIPs. Bert Skaggs, Marin CTA Council, referred all teachers' questions to me. Dick Godino, Assistant Marin County Counsel, requested that I review and react to any ERIPs presented to his office for approval. School board negotiators sought additional information and assistance when the plan was ready for negotiation.

Other Interested Parties

The San Rafael Independent Journal assigned a reporter to write a story on the Marin ERIP. The story, published April 24, 1975, combined an explanation of the ERIP with information on the operation of Nova University. See Appendix N. While the article was not totally accurate, it generated considerable interest, including numerous calls from schools and districts outside of Marin County. No record was kept of the number of school districts that were sent copies of the ERIP and backup materials, but I would estimate about thirty. Complete packets of the plan were requested and sent to the superintendents of Mendocino and Solano Counties. Presentations were made to the Central Marin, Sausalito, and Terra Linda Rotary Clubs; the San Rafael Kiwanis Club; the Southern Marin Chapter of the American Association of University Women; and Marin's League of Women Voters.

These activities, generated in February, March, and April, subsided considerably in May and June. In most cases, agreement had been reached on the ERIPs through negotiation. However, agreements on other items in the associations' packages were still under discussion, and therefore, no action was taken.

During April, May, and June, activity increased in other Marin County school districts not included in the original eight. A schedule of these activities is included in Appendix O. Dixie, Larkspur, and Novato Unified are considerably larger school districts than the original target group. While presentations were made to teachers associations and boards, most of the time was spent working with the administrative personnel who were primarily responsible for negotiating the ERIP.

Marin Community College District was not included in this practicum due to its different funding and operating structure. The college teachers' association endorsed the ERIP concept and requested assistance in modifying the plan to accommodate the district's particular structure. The association selected a committee to work on an ERIP for the college. This process is now under way with a December 1, 1975 deadline. An informal preliminary discussion explaining the concept was also held with several representatives of the community college board and the board's business manager.

Implementation Status of Selected Districts, August 1, 1975

When it became apparent that the original target date for this practicum could not be met due to the constraints described previously, it was necessary to establish a new, realistic cutoff date in order to prepare this practicum report. The date selected was August 1, 1975.

The ERIP has been under consideration by either the teachers associations, the administrations, the school boards, or some combination of these units in all eight of the selected districts since March 1975. As of August 1, 1975, the ERIP has been formally adopted by boards of education in six of the eight districts. Here is a summary of each district:

Fairfax School District. Dr. Reginald Hammond, District Superintendent, resigned his position effective April 15, 1975 to accept a similar position in Ventura County. Dr. Hammond was also the district negotiator and since an agreement with the Fairfax Teachers Association had not been reached prior to his departure, negotiations have been suspended until a new superintendent has been selected and he or she is ready to reopen discussions. The

ERIP has been presented to the board and presently resides in the association's package. Although this item is tentatively agreed to by both parties, this position could change when negotiations resume. Therefore, the ERIP's status in Fairfax must be considered indeterminate at this point.

Kentfield School District. The ERIP was approved as presented on July 1, 1975 by the Kentfield Board of Trustees.

Marin County Superintendent of Schools Office. The ERIP was approved as presented on June 13, 1975 by the Marin County Board of Education. The ERIP was not included in the teachers association's negotiating package.

Reed Union School District. The ERIP, with one component modified, was approved on June 16, 1975 by the Reed Union School District Board of Trustees.

Ross School District. The Ross Board of Trustees did not renew the superintendent's contract. Therefore, the Ross Teachers Association understandably took the position that they did not wish to negotiate with the "lame duck" administration and suspended negotiations until a new superintendent is selected. The ERIP is in the association's package but has not been discussed with the administration.

San Anselmo School District. The ERIP, with one component modified, was approved on June 26, 1975 by the San Anselmo School District Board of Trustees.

Sausalito School District. The ERIP was approved as presented on April 28, 1975 by the Sausalito School District Board of Trustees.

Shoreline Unified School District. The ERIP, with one component modified, was approved on June 9, 1975 by the Shoreline Unified School District Board of Trustees.

The presentations of the ERIP stressed that component options were available for consideration within the plan. These options could be explored during negotiations and would not affect the basic design or legality of the plan. Also acceptable were wording changes that did not affect the basic intentions of the plan. The options indicated were:

(1) the effective date of the ERIP;

(2) the number of days the consultant would work;

(3) the amount of the consultant's fee;

(4) the providing of fringe benefits

(5) the number of years of satisfactory service in the district.

Here is a summary of the results of implementing early retirement incentive plans with the eight selected districts:

1. Three districts adopted the plan as designed.

2. Three districts adopted the plan with one component modification.

   a. Reed Union established the effective date for initiating the ERIP as January 1, 1976.

   b. San Anselmo eliminated fringe benefits from the plan. This action reflects the financial stress the district is facing.

   c. Shoreline Unified raised the number of days the consultant would work from twenty to thirty.

3. Two districts, Fairfax and Ross, are still engaged in negotiations. The ERIP is in their negotiations package, but its implementation status is uncertain.

Implementation Status of Unselected Districts, August 1, 1975

The ERIP was also presented, at the administrations' request, to three large school districts in Marin County: Dixie, Larkspur, and Novato Unified. None of these districts' teachers associations placed the ERIP in their negotiations package (primarily because negotiations had been underway for some time, they were close to agreement, and it would be tactically unwise to introduce a new major demand at that point). The associations agreed to support the ERIP concept, but not to participate directly in a presentation of the plan during the 1975-76 negotiating session.

Most of the time spent on the ERIP with these larger districts was in consultation with district administrators and in presentations to boards of education.

Free of the negotiating process, the ERIP moved through the policy review and approval procedures in each of the three districts, with these results:

Dixie School District. The ERIP, with the modification of the consultant's time from twenty to thirty days and an effective date of January 1, 1976, was approved on May 28, 1975 by the district's board of trustees.

Larkspur School District. The ERIP was approved as presented on May 3, 1975 by the board of trustees.

Novato Unified School District. The ERIP, with the modification of the consultant's time from twenty to thirty days, was approved on July 10, 1975 by the Novato Unified School District Board of Trustees.

Both the Dixie and Reed Union Districts placed a January 1, 1976 effective date on their plans in order to allow their administrations ample time to develop the consultation job descriptions for review by their boards. The other districts decided to develop the consultation job descriptions on an individual basis, depending on the strengths and weaknesses of the candidates.

Side Effects

The court decision and subsequent inclusion of the ERIP in the negotiation process did have one extremely deleterious effect on the practicum. The length of negotiations and accompanying uncertainty of the outcome regarding ERIPs virtually eliminated any candidates from actively participating in a plan during at least the first semester of the 1975-76 school year.

Financial counseling sessions were held for thirteen interested teachers from the eight selected districts. The uncertainty of whether boards would adopt the plan, its effective date, and the requirement to return a signed contract by June 15, 1975 made it difficult for any of the teachers seriously to plan and analyze their possible participation.

In fact, in several instances, the introduction of the ERIP concept accomplished the exact opposite of one of its basic intentions. Three teachers indicated they had seriously intended to retire this year, but were interested in the ERIP, and decided to sign their contract for one more year in order to be eligible should the plan be adopted by their district boards of education!

The tax-paying public was also interested in the early retirement incentive plan. As ERIPs began to appear on board agendas, there were numerous phone calls and some letters expressing opposition to the plan. The Independent Journal published in their "Letters to the Editor" section (Appendix P) a statement by Dick Garrett entitled "Early Retirement -- Ripoff of Taxpayers." This letter reflected the concern and level of understanding that the general public had about ERIPs.

Every effort was made to follow up on all negative phone calls or letters regarding the ERIP concept. An interesting footnote to Mr. Garrett's letter was that during the follow-up discussion, he reocgnized that the plan had some similarities to an ERIP provided by his employer, Standard Oil of California. In most cases, when the concerned individual understood there would be no cost to the school district or the taxpayer, opposition vanished.

The Independent Journal article led to a phone call from James A. Manuel of Manuel, Mann & Associates, San Francisco, requesting an appointment to discuss another approach to early retirement that might prove beneficial to school districts.

The idea was to generate voluntary attrition of teachers and/or administrators by sponsoring a career review and analysis program. Manuel, Mann & Associates' basic premise is that in any organization there are a number of individuals who are dissatisfied with their careers and should be offered an opportunity to discover the career field in which they would be most satisfied, and assisted in making the career change.

The model that would be used was developed to assist two similarly locked-in groups in establishing new careers: clergymen leaving the ministry and career foreign service officers leaving the State Department.

The idea has potential but has some implementation problems. After several meetings, a preliminary proposal was developed (Appendix Q) and will be presented to the Superintendents' Association in the fall 1975.

The Independent Journal article raised another question that was pursued by individuals on at least five boards of education. The question centered on the degree to which my interest, advocacy, and participation in the ERIP was based on the fact it was my doctoral practicum.

I explained Nova's concept of the practicum as both significant in scope and job related. Furthermore, my involvement with the ERIP would extend far beyond the submission of the practicum report. I doubt that the explanation totally dispelled the suspicions of some board members.

Implementing the ERIP proved to be an arduous, time-consuming task. It was also a rewarding task. The ERIP is a good concept and it is now firmly established in most of the major school districts in Marin County. The concept is under consideration in other districts and counties in the Bay Area. The practicum is completed, but the ERIP project is still in its infancy.

11. CONCLUSIONS

Initiating and implementing a complex concept is a formidable task.

1. There is considerable support among teachers and teacher organizations for plans that provide earlier and better paid retirements and also plans that provide for phasing out of teaching.

2. There is considerable interest among administrators and board members to identify alternatives to the reduction-in-force procedures.

3. The newly expanded scope of negotiations in California may well hasten the advent of collective bargaining.

4. Obtaining the support of the California Teachers Association, and its Marin County chapter was an integral component in implementing the ERIP concept.

5. The implementation timeline may well have been too short, even without the San Juan-Yuba City court decision. Districts considering the ERIP should allow one year for

dissemination and discussion of the plan.

6. Public dissemination of information is very important. This need was not fully developed in the practicum design. While the ERIP concept was explained at various service clubs, it would have been profitable to have explained it to PTAs as well as to homeowner groups and taxpayer associations.

7. Extreme care must be exercised when a plan involves more than one state or federal agency, or quasi-legal jurisdiction. Each agency reacts in terms of its own vested interests and these interests must be accommodated if cooperation is to occur.

8. Boards of education are concerned about long-range commitments and carefully prepared, long-range financial projections are a necessity. Since each district has unique salary schedules, personnel requirements, and resources, the financial analysis needs to be done on a district-by-district basis.

9. The legal ramifications of an ERIP are many and complex. No attempt should be made to implement a plan that has not been carefully reviewed and approved by county counsel.

EPILOGUE

One of the key components of early retirement incentive plans is that persons engaging in the program are private entrepreneurs or private contractors. This status has particular legal significance for school districts, as has been described previously.

The private contractor concept has been cleared by the Social Security Administration and allows persons who enter into ERIPs to make social security contributions based on gross salary, thus accruing credit toward a retirement allowance, disability allowance, survivor benefits, or death benefits. The Social Security Administration has a rather complex method of determining eligibility for private entrepreneur status, but to date the few individuals who have participated in the social security system have not had any difficulty in being accepted.

However, there is another hurdle. The Internal Revenue Service collects the social security taxes for private contractors and transmits the funds to social security. The IRS has advised Michael Thome, Chief Executive Officer, State Teachers

Retirement System, that it intends to take a look at the private entrepreneur contract agreement being used by the Pasadena Unified School District to determine whether an ERIP candidate is, in accordance with their regulations, a private contractor and thus entitled to contribute to social security.

This action could have serious implications should the IRS rule that an ERIP candidate is an employee of the school district. This decision would deny the retiree the right to pay social security taxes on his or her earnings and would require the school district to withhold income tax from the retirement compensation paid. As an employee of the district, the person would then be required to contribute to the State Teachers Retirement System on the salary received under the early retirement incentive plan.

This would place the STRS in a difficult position. The system would then have to determine whether those who contracted for an ERIP were private contractors or employees of a school district, and whether contributions to the STRS should be deducted from the ERIP compensation.

From the standpoint of the school districts, an adverse ruling by the IRS opens up the possibility of a lawsuit for giving erroneous information, for having bargained in bad faith, and for retirement credits lost under the State Teachers Retirement System because of entrance into the ERIP.

A telephone discussion with Dr. Joseph Zeronian, Associate Superintendent, Pasadena Unified School District, elicited the information that its amended ERIP contract conforms to the Attorney General's Opinion and has been approved by the Los Angeles County Counsel's Office. They intend to stand firm and, if necessary, resolve the matter in court.

On advice of county counsel, a copy of Marin's ERIP was sent to the Pension Trust Division of the IRS requesting an opinion on a candidate's employment status under the ERIP agreement. Douglas A. Scanlon, Group Manager, Department of the Treasury, responded on July 17, 1975 (Appendix R) by providing Form SS-8. This form, along with the ERIP agreement, would aid the IRS in determining the ERIP candidate's employment status for tax purposes.

The Marin County ERIP agreement has been extensively reviewed by CTA counsel and county counsel. They feel it fully complies with existing IRS regulations. In order to fully protect the Marin County school districts participating in the plan, we intend to present a test case to the IRS before finalizing any agreements with interested ERIP candidates.

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DEVELOPING AND IMPLEMENTING AN EARLY RETIREMENT INCENTIVE PROGRAM FOR MARIN COUNTY SCHOOL DISTRICTS

by
Byron W. Mauzy

Submitted in partial fulfillment of the requirements for the degree of Doctor of Education, Nova University

Volume II

Fairfield, California Cluster
Daniel Muller, Ph.D., Coordinator

Maxi II Practicum
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APPENDIX A

Digest of California Education Code section 20905.5

APPENDIX A

AB 1267 (1973) added Section 20905.5 to the Education Code, which provided as follows:

> 20905.5. A district may add in Sections 20904 and 20905 for purposes of increasing the district's revenue limit for the budget year a portion of its loss in average daily attendance when it is anticipated that the estimated second principal apportionment units of average daily attendance, excluding defined adults and summer school average daily attendance, will be less than those of the preceding year. The number of units of average daily attendance to be added is determined as follows:
>
> (a) When the reduction in average daily attendance is less than 1 percent of the preceding year average daily attendance no adjustment is allowed.
>
> (b) When the reduction in average daily attendance is more than 1 percent of the preceding year average daily attendance, but less than 2 percent, multiply the estimated average daily attendance, excluding defined adult and summer school average daily attendance, for the budget year by the fraction of a percent by which the difference exceeds 1 percent and add the result to the estimated average daily attendance of the budget year used to set the revenue limit.
>
> (c) When the reduction in average daily attendance is greater than 2 percent of the preceding year average daily attendance, divide the difference in average daily attendance by two and add the quotient to the estimated average daily attendance of the budget year.
>
> The amount calculated in subdivision (b) or (c) shall be considered an addition to the estimated average daily attendance for purposes of increasing the revenue limit, but shall not be used to compute state apportionments.
>
> This amount of adjustment in estimated units of average daily attendance shall be allowed without requiring a reduction in the revenue limit in the subsequent year which otherwise would be required pursuant to Section 20907, except that to the extent that actual data differs from the estimated unit of average daily attendance used in this section, Section 20907 shall be applicable.

APPENDIX B

Monterey County Counsel Opinion on Pacific Grove Unified School District's Proposed ERIP (May 25, 1973)

May 25, 1973

Mr. Robert Zampatti
Assistant Superintendent-Business
Pacific Grove Unified School District
P.O. Box 448
Pacific Grove, California 93950

Re: Schools - Early Retirement
Incentive Program

Dear Mr. Zampatti:

You requested the opinion of this office on the legality of an early retirement incentive program which has been proposed by your certificated employee council. You attached to your letter of May 9, 1973, the particulars of the program written in the form of a proposed agreement between the district and the certificated employee, who is therein classified as a "consultant".

The program is similar in many ways to other programs proliferating among school districts in the state at this time. Several features distinguish it, however, requiring disclosure not only for purposes of this letter, but to avoid confusion with other programs in other districts in the state.

In brief, the program provides:

(1) Minimum service of ten years with the district.

(2) Age 50 or older.

(3) Certain minimal placement on the salary schedule and payment of an annual compensation fixed at 30% of the salary schedule.

(4) Service of 20 days per year in an agreed upon area of "expertise" under a contract for three to five years, but not to extend beyond age 65.

(5) Retention of fringe benefits and provision for an income protection policy at district expense.

(6) Independent contractor status with responsibility to a supervisor designated by the superintendent.

(7) Participation in Social Security program.

(8) Assumption of necessary expenses for professional activities to which the consultant is assigned.

(9) Submission of an invoice by the consultant showing services rendered.

(10) A hold-harmless provision in favor of the district for injuries to persons or damage to property.

(11) Agreement that consultant is an independent contractor and not an employee of the district.

It is our conclusion that the specific early retirement program outlined above is of doubtful validity as an unlawful circumvention of the Education Code and violative of current legal rules proscribing the exercise of a power in the absence of statutory authorization for such power.

The State Teachers Retirement System was created to provide a financially sound plan for retirement, with adequate retirement allowances, of teachers in the public schools of the state. Section 13801, Education Code (all references are to the Education Code unless indicated to the contrary). Although teachers have a vested right under California law to retirement benefits, the State Teachers Retirement System may be prevented from paying such benefits because of a lack of funds. 4 Ops. Cal. Atty. Gen. 185, 187. The impact, if any, of this type of program, if implemented fully throughout the state on the State Teachers Retirement System is of course a matter falling within the province of that system. Presumably, such a system operates on an actuarially sound basis. Nonetheless, on the local level there are concerns as well, including the concern of the district whether action approving a program such as suggested in your proposal will have an adverse effect on the retirement system by reason of inadequate contributions to the system, both from the teacher and the district. The budget of each district includes retirement costs or contributions. Projections of the proposed program for a number of years might suggest that the extent of retirement contributions will operate to the disadvantage of educational programs within the district. Sound business practice dictates that this issue be explored fully, not only on the local level but by the State Teachers Retirement System in view of the proliferation of similar programs throughout the state.

A second doubtful issue is raised by the provision for employment of the retirant for a period for three to five years subject to his reaching the age of 65. The program provides for service as a consultant in "his area of expertise mutually agreed upon by the district and the employer". That this is vague and uncertain is immediately evident. Of more significance is the classification as "consultant". The number of "consultants" under the contract to the district after several years of operation of the program might indeed indicate that the label cloaks some other classification or purpose. The fact that consultants shall retain all fringe benefits is also suggestive that the employee is simply contracting for reduced services and not really retiring from the district, but entering into a nebulous status wherein he enjoys the benefits of early retirement simultaneously with most benefits attached to regular employment. There is no question that the employee under the program can qualify for retirement. Simultaneously with his retirement he commits himself - assuming for the moment the consultant contract is legal and binding - to a contract for essentially the same services, namely, teaching, but at a reduced rate and for a period of up to five years duration during which time he retains employee fringe benefits. None of these may be wrong in itself (excepting the continuing service contract), but taken together they are immediately suggestive of circumvention of statutory powers. Obviously, there is no express statutory authorization for the proposed program. If the program can be justified, each part thereof must be legally supportable in terms of its purpose. The principle prohibiting the doing of an act indirectly, which act cannot be done directly, comes to mind as does the overriding principle prohibiting the exercise of a power by a school district where no express authorization exists for such power.

The obvious primary purpose of the program is to permit early retirement so

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that expenditures can be reduced. The fact that expenditures might be reduced does not, by itself, render the program lawful or valid. Under the Education Code, all expenditures must be authorized by statute or must be reasonably implied therefrom. 52 Ops. Cal. Atty. Gen. 35, 37. Moreover, these statutes must be strictly construed.

The burden falls on the legislature to determine whether a public purpose is served in authorizing finance legislation. Necessity alone is not a test nor is tax savings. Whether the latter would be achieved under the program is also questionable - not only arithmetically but in terms of reciprocal value to the district. The loss of mature experienced teachers from the classroom and substitution of young inexperienced teachers may, indeed, be of "less value" to the district and its pupils, the interests of the latter being paramount. On the other hand, admittedly, the program could motivate some experienced teachers, whose contributions might be minimal, to accept early retirement.

The hiring of retirants as "consultants" as contemplated under the program presumably would be done to avoid the implication otherwise arising in hiring them as substitute teachers. Authority to hire retired certificated personnel "in positions requiring certification qualifications" lies in section 14226. The 20 day limitation of the proposed plan presumably falls within the $4,000 restriction of that section for retirants' pay in any one fiscal year. If employment of retirants, then, is based upon the authority of section 14226, it follows that the program should so provide. If the district intends, in good faith, to hire retirants as consultants, obviously there must be authority for such practice. The statutory authority for hiring of consultants is relatively limited. (See, for example, section 6454 authorizing such services by County Superintendent of Schools regarding compensatory education programs; section 6499.8 authorizing consultative services regarding preschool follow through programs; nowhere can we find authority to hire persons simply as "consultants".) But if the district intends to use such persons as substitute teachers under section 14226, then they must be treated as such. To regard persons hired under the authority of that section as "consultants" places a different classification on them than that provided by the statute. Moreover, the legislature has expressly provided elsewhere in the Education Code for the hiring of consultants as such.

Certain provisions of the program declare the retirant as a "consultant". Another provision states that the consultant will be considered as an independent contractor and that he may participate in the Social Security program. Your letter recognizes that the Social Security system itself determines the eligibility of persons to qualify under its program. It is important to note here, however, that the mere declaration of consultant or independent contractor status and the provision for Social Security do not necessarily establish such status. Further, it is noted that a provision states that the consultant "...will be responsible to the supervisor designated by the district superintendent." An independent contractor is "any person who renders service for a specified recompense for a specified result, under the control of his principal as to the result of his work only and not as to the means by which such result is accomplished." Section 3353, Labor Code.

Perhaps the principal factor in determining whether one performing services for another is an independent contractor or an employee is whether the person or entity for whom the work is done has the legal right to control the activities of the person doing the work. Malloy v. Fong, 37 Cal. 2d 356, cited in 26 Cal. Jur. 2d, Independent Contractors, #6. If the employer has the authority to exercise complete control, whether he actually exercises it or not, an employer-employee relationship exists. Ibid, citing Press Pub. Co. v. IAC, 190 Cal. 114. If the district has the right to direct and control the work and when and how it shall be done, it would appear the consultant is not an independent contractor. The fact that constant supervision is not maintained over the person is immaterial. Baugh v. Rogers, 24 Cal. 2d 200, 206. At least for workmen's compensation purposes, the burden of proof rests upon the employer to establish that an injured person was an independent contractor. Section 5705, Labor Code.

An additional and major concern is the provision declaring retirants as being "on a contract for a period of three to five years not to exceed the end of the school year in which the consultant reaches age 65." Teachers in the regular programs of those districts with ADA of 250 or more are not contracted for beyond one year, although statutory provisions in effect provide for "continuing contracts" in the absence of notice and dismissal under section 13403 or 13443. By express statutory authorization, certificated employees of districts with less than 250 ADA and certificated employees of any school district in positions requiring administration or supervision credentials may be offered continuing contracts to cover a period longer than one year but not to exceed five years. Section 13305. A similar authorization exists for superintendents, deputies, associates and assistants in Section 938. Nowhere do we find authorization for the employment of consultants, substitute teachers, retirants or "persons in positions requiring certification qualifications" for any period in excess of one year.

If we are to abide by the fundamental rule of statutory construction that the expression of one thing operates to the exclusion of another, it follows that legislative authorization of continuing contracts for some employees implies the absence of such authorization for other employees.

Continuing contracts for services, as such, are not violative of the constitutional prohibition against indebtedness (California Constitution, Article 13, section 40) where the contract provides that payment for such services in each year is dependent upon the services furnished in that particular year and in no other - and thus no immediate indebtedness is incurred for the aggregate amount of the obligation. State v. McCauley, 15 Cal. 429, 455; Garrett v. Swanton, 216 Cal. 220, 226. But this has no application to school districts unless the services contemplated by the contract are expressly authorized or reasonably implied. It hardly needs reiterating that school districts have only those powers expressly given them by statute. 49 Ops. Cal. Atty. Gen. 136, 139. Paterson v. Board of Trustees, 157 C.A. 2d 811, 818. Moreover, any reasonable doubt concerning the existence of a power is to be resolved against its existence. Board of Supervisors v. Cothran, 84 C.A. 2d 679, 685. School boards are empowered to expend school funds only for the purpose and in the manner set forth by statute. 49 Ops. Cal. Atty, Gen. 139, supra. Here, the early retirement program must be considered as a whole since each part is conditioned upon another. To isolate one part and cite its legal support, is to render the whole scheme meaningless and serve to cloak or obscure the purpose for which the funds are expended.

These comments on the absence of authority to enter into continuing contracts may well be academic in a few months by reason of anticipated legislation

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implementing Proposition 5. This proposition was passed by the electorate at the general election in November, 1972, and amends the California Constitution to allow the legislature commencing July 1, 1973, to authorize school districts to engage in activities not in conflict with laws and purposes for which school districts are established. What the enabling legislation, if any, will provide remains to be seen. Further, once an enabling statute is passed, the question arises whether the fact that previous legislative enactments have occupied a particular field or have concerned themselves about particular activities, such as those authorizing continuing contracts in certain cases, preempt or preclude additional activities in that field.

This office seriously doubts that the proposed program is legally defensible. Our major concern rests with the provision for continuing services beyond one year and the circumventive character of the entire scheme. In evaluating this program, we cannot overlook the salutary principle enjoining public entities not only against wrong-doing but the appearance of wrong-doing as well. While we conclude that the program as presently contemplated raises too many doubts to allow us to state that it can lawfully be undertaken, we submit that an early retirement program based upon a year to year authorization within the terms of section 14226 would appear to be lawful. The defect in such a program is of course obvious - the lack of guaranty to the teacher of a continuing contract for his services. But the risk involved under such a program would be less, in our mind, than the risk undertaken in the proposed program by both the district and the teacher in terms of possible personal liability for the recovery and return of funds expended for such a purpose.

Very truly yours,

WILLIAM H. STOFFERS

Paul De Lay
Deputy County Counsel

PD/ga

cc: County Superintendent of Schools

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California Teachers Association
Burlingame, California 94010
July 1973 - sh

APPENDIX C

Draft Position Paper on Early Retirement Plans
by
CTA State Council Retirement Committee
(May 19, 1973)

DRAFT. SUBJECT TO FURTHER EDITING AND APPROVAL OF THE CTA STATE COUNCIL RETIREMENT COMMITTEE ON MAY 19, 1973.

School-District Adopted "Early Retirement" Plans

Information and suggestions for CTA chapters contemplating negotiation of such plans and for CTA members considering election of such plans.

WHAT ARE "EARLY RETIREMENT" PLANS?

Some California school districts have developed and adopted plans by which teachers meeting certain qualifications of age, salary, and years of service agree to accept a minimum yearly allowance, for a specified duration, with a minimum number of days service each year. As of this writing, April, 1973, these plans have certain commonality: Qualifications for "early retirement" are apt to be that one must be 50 or 55 years of age, have a certain level of salary indicating a given number of years of minimal service, agree to a yearly "contract" or reduced assignment for up to 5 years or age 65 in the plans examined, and be paid up to $4000 yearly during this contracted or reduced period of service. CTA urges that any such plans at least not be effective before age 55 when members might elect STRS options to protect their dependents, unless some provision of these plans provides these benefits.

WHAT PROMPTS DEVELOPMENT AND ADOPTION OF SUCH PLANS?

School districts are interested in "early retirement" plans because older teachers at top of salary schedules can be replaced by beginning teachers at bottom of schedules, saving the district part to full costs for salary. Additionally, districts wanting to "get rid" of certain teachers, for any and all of the reasons they might have, find the "early retirement" idea a way to encourage people to leave their full-time teaching assignments. And, in fairness, both districts and some teachers appear to feel that there should be some alternatives beyond those offered by the State Teachers Retirement System by which teachers can "phase out" of teaching. Then, too, some teachers find themselves frustrated by the sociological changes in education: "permissiveness", district experimentation with alternatives in instruction and learning, or other aspects of some of today's California schools.

Additionally, for teachers, and probably for others in our society, the concept of adult life consisting of fifty years divided roughly into thirty or more years of teaching and then retirement for twenty years or so is changing. Teachers in California appear more and more to feel that the demands of the classroom coupled with all of the pressures put upon teachers and students by law, school boards, school administrators, parents, and society generally make thirty years of teaching less and less thinkable. The increasingly larger number of individual pupil needs

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arising from developments in our society with which teachers have to cope, often without adequate materials and resources, and generally with too-large classes, all further contribute to the wish for ways to leave teaching before age 60.

Too, there are those in teaching who, like others in our community, would like to experience some other professional, vocational, or avocational pursuits.

DOES THE STATE TEACHERS RETIREMENT SYSTEM OFFER OPPORTUNITY FOR THIS "EARLY RETIREMENT"?

The California State Teachers Retirement System benefit structure is on balance one of the best systems in the nation for teachers. It is one of only nine teacher systems that permit any member with five or more years of service to leave his contributions in the system or go on teaching and at age 55 or later draw an allowance. The member's allowance is based upon his three highest salaries, his years of service, his age at retirement, and need or not to leave an allowance to a spouse or other person at death. However, from the funding of 8% of salary from the members, matched gradually over the next few years by 8% from districts, and with state contribution of $172 million this year rising to $240 million five years hence, the Teacher System benefit formula is limited, of course. It provides an allowance of 7% of salary at age 55 with only 5 years of service ranging to 50% of salary with 30 years of service at age 57, and 60% to 80% and in some cases up to 90.74%, with 30 years or more of service at age 60 and older. (See page 21 of CTA Member's Guide to Retirement, Death and Disability Benefits.)

If one begins teaching at age 23 and teaches until age 55, a period of 32 years, he begins receiving 44.8% of salary increasing to 61.72% after 20 years. Thus, on a $15,000 average of highest salaries that would be a maximum allowance of $6720 per year increasing to $9408 per year in the 21st year of retirement through a yearly increase of 2% per year, of the initial allowance, not compounded. Over 20 years the teacher would receive an average of $8000 per year or $160,000, or a proportionate amount if he lives fewer years. More, if lives longer than 20 years, of course. Present retirees are living an average of 20 years after retirement.

With 20 years of service at age 55 one gets 28% of salary, for further example. If one begins teaching at age 35, or during a career of intermittent teaching gets only 20 years of teaching done at age 55, with again a $15,000 final compensation, for instance, his unmodified allowance would be $4200 per year for life appreciated by 2% ($84) every year he lives. The 2% is not compounded. At age 76, after 20 years of drawing an allowance, this teacher would have received a total of $99,960, or an average of $4,998 per year, which is really an average of 33.2% of salary rather than the 28% received the first year. At the age of 76, the teacher would be receiving $5880 per year, 39.2% of the $15,000, and that amount would continue to appreciate by 2% ($84) and be payable so long as the teacher lives.

The State Teachers Retirement System, therefore, has an "early retirement" plan beginning at age 55, but providing benefits at that age dependent upon years of service, salaries, and age at retirement and need to protect dependents. However, many California teachers, as heretofore noted, say they would like to have a plan whereby they might financially be able to leave teaching at any age after 20 or 25 years of teaching with a relatively higher benefit than the STRS now provides. The so-called "safety member" retirement plans for firemen and police commonly have such benefit or better benefits, but, of course, at greatly increased cost over that of the STRS, particularly to the taxpayer. "Safety member" benefits in one system reportedly require 28% of salary paid largely by taxpayers and provide 50% or more of salary with 20 years of service. This is in contrast with the 16% of salary funding for the STRS benefits currently, shared equally by employee and employer by the end of a seven-year phase-in of district cost.

CTA leaders know that reducing the age 57 with 30 years of service at which one gets 50% of salary under STRS would require an increase of 10% of salary as cost for each year the age is lowered. The Research Subcommittee of the CTA State Council Retirement Committee is seeking cost figures on the various proposals lowering ages at which greater allowances might be secured with shorter periods of service. With such information, members might consider willingness to increase their and district cost for retirement. District cost might be increased over the next few years to make such for certificated personnel equivalent to what is paid for classified personnel. If among other objectives, teachers wish a priority of providing a somewhat lower age or fewer years of service to gain an allowance of 50% of salary, increased district cost might lower age but not to "safety member" allowances. Beyond that increase in cost to the employee and employer to provide such improvement, there is also the possibility of reducing some other benefits, or eliminating them, to provide such cost of earlier retirement at greater benefits.

There are also thousands of teachers who came into California teaching late in life who do not want "early retirement" but rather want to teach at ages up to 65 and some later than that. These colleagues need consideration also, if they are to be accorded even allowances on which to survive in some cases. And, whereas

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there is throughout our United States community, among workers and some executives, a desire to leave a given occupation after 20 or 25 years to follow other pursuits or to retire from active vocational life, there are those people who view "early retirement" as neither in the best interests of our society nor the individual. So, amid all interests and developments, members of the STRS will need to determine what long-term objectives they have about retirement or what may be just early leaving of teaching and then what STRS adjustments in benefits and funding can be achieved, and how to meet such objectives.

The average age of teachers applying for a retirement allowance from STRS has been 63 with apparently little decrease on the average during the past year or two. About half of the present retirees, therefore, retired or left taaching and began drawing an allowance at ages 55 to 63.

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What's Good About "Early Retirement" Plans

Good for Teachers

1. Permits teachers who have planned to retire anyway to get up to $4000 per year for but a few days work yearly, and in some plans while drawing an STRS allowance.
2. Might permit teachers to keep active-teacher group health programs and other fringe benefits for a few years.
3. Enables some teachers who have to leave teaching to do so, despite loss of death and disability benefits and higher service retirement allowances.

4. Might be good for a relatively few teachers in some other instances.
5. Provides positions for unemployed beginning teachers.
6. Permits some other teachers to keep jobs during reductions in teaching staff.
7. Permits some teachers who can afford the losses under such plans to "taper off" with teaching -- phase out rather than retire completely from teaching.
8. Permits teachers to work at something else and get Social Security quarters as self-employed.

Good for Districts:

1. Saves district money on salaries if employs beginning teachers as replacements. District might not employ any replacements with decreasing enrollment, or, decide to increase the load of other teachers to save all of salaries.
2. Gives personnel officers and administrators and boards a plan under which to encourage certain teachers to phase out of teaching.
3. Permits district to employ non-tenured and younger people whom some district administrators seem to feel can relate better with today's youth.
4. Can help avoid district dismissals of other teachers during decrease in A.D.A.

What's Not Good About Early Retirement Plans and Cautions

1. If a teacher elects a district plan when under 55 years of age and is not considered a part-time employee as at least one plan permits, and four months after last day of service dies, he or she will leave beneficiaries, including dependents, only contributions to STRS plus interest credited.
   - The $2000 benefit will not apply.
   - Any spouse will not receive a lifetime allowance from age 60 and there is no way at ages before 55 to elect options providing service benefits.
   - If there are children, under age 22 or 18 if not in school, there will not be a family benefit of 40 to 90% of salary yearly for children and a spouse.

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-Similarly, after 4 months, or 18 months if there has been a continuous disability illness or injury, from the last day of employment, the teacher will not qualify for a disability allowance of 50 to 90% of salary to age 60 with service credit under STRS for years on disability.

-If over age 55, and electing a district plan, one might elect an option under STRS to protect a spouse or other beneficiary, but still stand to lose from somewhat to much higher retirement allowances and salaries.

-Under current law, if one is over 55 and in a plan providing, say, 30 days of work at $4000, performs such during a consecutive 30 days, isn't yet retired from STRS, gets 4 months beyond last day of service (especially in the last year of district payment of the $4000 or other amount), and dies, without having elected options 2 or 3 in service, he or she may leave beneficiaries only STRS contributions with interest.

2. There will be a loss of full salary for the years prior to later retirement obviously. Also there then will be loss of much higher monthly allowance and loss, therefore, during all of retirement of amounts ranging up to more than $200,000 over retirement years. (See examples following)

3. It permits teachers who elect some plans to work 30 days, earning up to $133 per day, which in a 180-day year would mean a $23,940 salary if paid all year. If only 20 days is required in the plan for $4000 yearly, the pay is $200 per day, which would be $36,000 per a 180-day school year. Thus the plan discriminates against other teachers. The plans may be illegal because they are discriminatory.

4. Teachers are encouraged to take lower ultimate retirement allowances, with a one to five-year district supplement during a period of teacher disenchantment, or pressure to retire because they are over 50. Later they may regret the decision to elect the plan for economic reasons unless they have other adequate financial resources or even if they do have other significant resources.

5. In a few districts, teachers have been subject to harassment such as frequent evaluations, with negative comments following evaluations, causing teachers to quit. With such district plans there will in a few districts be also the suggestion after harassment that teachers "can take our early retirement program, you know."

6. A plan may not provide for continuation of group health insurance and other fringe benefits with benefit levels active teachers have and with resultant higher cost and poorer benefits one may have to accept under an individually-purchased plan. However, some plans do continue fringe benefits.

7. One may or may not lose tenure under a district plan prior to retiring on allowance under STRS. At least one plan claims tenure ceases under its plan; however, there is question about what a court would hold. Other plans provide continued employment but at $4000 plus fringe benefits, and thus have the "phase out" concept and therefore are much more protective of those accepting such plans.

8. Teachers will tend to be unable to value their asset in STRS, assess needs over their longevity, and decide whether it is better to work to an age when the STRS benefit will provide maximum value to meet economic and other needs. California teachers are living 20 years on the average after retirement at average age of over 60. The 20-year expectancy is not unrealistic. The "early retirement" benefit must be valued in contrast with later retirement benefit over a 20-year period and considering taxation. District personnel officers or other officers may tend to encourage election of the district plan without emphasizing teachers' assessing their requirements over their longevity, including financial requirements, in determining whether to take an "early retirement" plan. Inadequate information leading to bad teacher decisions to elect a district plan presumably could constitute charges of fraud and resultant court cases.

9. Career teacher normal retirement (25 to 35 years of service) under STRS will provide for better allowances than the majority of senior citizens enjoy. Nevertheless, with the minimal 2% yearly adjustment, allowances will shrink under inflation and most retirees will need every dime they can garner in retirement. To encourage loss of significantly higher allowances, with from only two to five more years of service, can in some cases, be taking cruel advantage of teachers. Such teachers may have performed many years of satisfactory district service and perhaps more years of such than those who might encourage a loss of benefits.

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One District Proposal

Sample: Teacher with salary of $15,840 (STRS final compensation)

Salary appreciated 3% per year

Age 55 with 25 years of service

Contract 5 years @ $4000

Teacher elects unmodified allowance from STRS effective age 55

Lives to be 75 -- 20 years

Losses or gains not estimated such as fringe benefits, taxation, deductions for STRS

If electing the district plan:

Gets 5 x $4000 to age 60 = $20,000

Gets STRS allowance of

35% x $15,840 or $5,544 yearly.

This is increased yearly to age 75 @ 2%
($110.88 per year) = average of $1053 per year

$1053 + $5,544 = $6,597 per year, average over 20 years

$6,597 x 20 years = $131,940

Total will receive over 20 years $151,940*

If teaches until age 60 and retires under STRS:

Salaries $16,315 to $18,362 = $ 86,617

STRS yearly allowance of $17,833 x 60% = $10,700 yearly appreciated by 2% to age 75 (assuming live 20 years beyond age 55 still), an average of 14% increase over 15 years or an average allowance yearly for the 15 years of $12,198

$12,198 x 15 years = $182,970

Total would receive over 20 year period $269,587

Summary:

If don't elect plan, will get	269,587
If do elect plan will get	159,140
Difference	$117,647
Difference in yearly allowance first year from STRS between ages 60 and 75 =	10,700
	- 5,544
Difference	$ 5,156

*Losses or gains are not included on taxation, on fringe benefits and contributions to STRS and on other such items.

Adopted Plan -- Prepared by Teachers and a District

Example:

-Teacher, age 52, with 19 years of service, and last three salaries of $14,885.

-Teacher lives 20 years - to only age 72, less than the expected longevity for age 52 under STRS

-Assumption: That district contract provides and the district contends teacher is in effect retired and no further service is credited in STRS, which may or may not be the case

-That salaries increase by only 3% yearly during the next five years and cents are dropped in calculations in part of the example

If elects district Plan A:

Gets 30% of salary yearly to age 57 or $4,465.50 per year x 5 yrs. = $22,327 plus fringe benefits

Then gets unmodified STRS allowance of .266 x $14,885 or $3,959.41 per year. This will incrase 2% per year, not compounded or $79.18 each year. The average increase by 2% over 15 years will be 14% or an average of $554.31 per year. $3,959.41 + $554.31 = $4,513.71 average yearly allowance over 15 years. $4,513.71 x 15 = 67,705

Total will receive over 20 years = $90,032

....

If elects not to take the district plan:

Gets salaries of $15,331 to $18,361 over next 5 yrs., total of $86,615

Gets average of 3 highest salaries of $17,832 and STRS benefit at age 57 for now 24 years of service of .3936 x $17,832 yearly from STRS or $7,018 yearly unmodified. $7,018 increased 2% yearly or $140, or an average of 15% over a 15-year period = $982 average increase over 15 years from the 2%
$7,018 plus $982 = $8000 x 15 years = 120,000

$206,615

If elects not to take district plan and teach only five more years, will get	206,615
If elects district plan, will get over 15 years	90,032
Loss if take district plan	$116,583

(over)

Death Benefits:

If the teacher dies four months after the end of the last full year of teaching, and a court would hold that she was not covered under the district plan for STRS death benefits, she would leave only her contributions to STRS since 1935 plus any interest credited.

Similarly, she would not qualify for a disability allowance.

Until age 55, one cannot elect an option in service, without taking an STRS allowance, or elect and take an allowance, naming a beneficiary and protecting such person with a benefit for life if one dies.

SAMPLE LEGAL QUESTIONS ABOUT DISTRICT "EARLY RETIREMENT" PLANS

Although county counsels may have reviewed the "early retirement" programs which more and more school districts are adopting, it is probable that in due course there will be some court cases brought by persons who have elected such plans. At this writing, April, 1973, it appears that some of the grey legal areas which will arise about early retirement plans might be such as the following. In the absence of specific details concerning given individuals, legal opinions on some of the following questions would not be very meaningful if obtained. Legal opinions are but estimates of what a court might hold.

1. Would a court hold that those who had tenure and sign contracts for some or all of the district plans lose their tenure? May a teacher participate in such programs and still retain tenure?
2. Are such plans illegal because they are discriminatory against other full and part-time teachers in a school district in the respect that those accepting the plans receive much higher per day salary than the other teachers? Or do the plans provide something akin to the legally scheduled longevity and service increments?
3. Can a teacher contract with a school district, agreeing to work only 20 or 30 days a year, after having been on tenure and full salary, and in effect contract to give away his or her rights to much higher benefits and allowances from the STRS by accepting the minimal service?
4. Might a district, or public school official, or other person be liable for teacher loss of perhaps $50,000 to $200,000 more in allowances over twenty years of retirement for failure to disclose full information to the teacher or for encouraging acceptance of a plan to take such a loss? (May an individual citizen but not a district or its official be held liable for monetary damages resultant from misinformation or inadequate information should there be such charge?)
5. If one accepts a plan whereby one is still employed and being phased out, gets $4000 per year for 20 to 30 days of service, cannot or has not elected options 2 or 3 under STRS, has a wife or husband and children eligible for family STRS benefits in case of death, and dies more than four months after last day of service in a year, will the family members qualify for the family benefits? Similarly, if one is on his last year

(over)

of district payment under such a plan, completes the 20 or 30 days of service required, gets four months beyond last day of service, and dies, will he or she leave family benefits?

6. If one is under age 55 or not receiving an allowance from the STRS, accepts a district plan, receives $4000 per year doing certificated work, plus possibly fringe benefits, will the $4000 be subject to Retirement System contributions and will the minimal service be credited under STRS?

7. Will courts consider some payment under some plans a gift of public funds?

SUMMARY

To Teachers:

-Do not quickly make a decision to accept a district "early retirement" plan.

-Assess your present and future economic, vocational, avocational and other requirements and interests.

-Determine whether you can afford to lose up to $200,000 income over the next years of life in additional salary for another five years and in GREATLY increased STRS retirement allowances. GET HELP FROM RELIABLE AND KNOWLEDGEABLE SOURCES, particularly CTA professional staff, ON WHAT YOUR STRS BENEFITS WILL BE OVER THE NEXT YEARS UNDER THE DISTRICT PLAN AND WHAT YOU WILL RECEIVE IF YOU DO NOT TAKE THE DISTRICT PLAN but work up to five or more years. Consider taxation. Consult with STRS on what you will lose in STRS allowances under the district plan.

-If you have a spouse or children who will need income should you die or become disabled, MAKE SURE YOU AND YOUR FAMILY UNDERSTAND EXACTLY WHAT YOU WILL LOSE OR THEY WILL LOSE under the district plan. (This applies particularly to those who are under age 55 with dependents or over age 55 without having elected an option under STRS while still in service.)

-If you are over 50, or find teaching a "hassel" today, or are pressured by your district to quit, or for other reasons are wishing you could leave teaching, and at the same time are going to need all the income you can get in retirement, possibly for family members as well as for yourself, DO NOT ACCEPT THE EARLY RETIREMENT PLAN AND LOSE THE VERY MUCH HIGHER STRS ALLOWANCES YOU WILL ENJOY AND NEED FOR PERHAPS TWENTY YEARS OF RETIREMENT. At least, work at full salary for the years the district plan would be effective. If you are being harassed to quit, contact your nearest CTA office and representative or a CTA attorney.

-The district plan might be in your interest:

If you plan to leave teaching anyway and regardless of STRS benefits.

Have another employment or self-employment in addition to the 20 or 30 days of required district work and if the other occupation will cover all or most of the protection and additional STRS allowances you need and would have by continued full-time district teaching. And if the other occupation meets any other requirements you have or will have.

Or for some other possible reasons.

(over)

For CTA Chapters:

- Except for a very few teachers who really understand their district plan as it affects their remaining years of life, some of our members or their families can suffer from serious losses if they subscribe to a plan. It therefore appears important to emphasize to all members that extreme caution should be taken about electing a district plan. Legal recourse may not be possible once elections are made.
- Chapter Retirement Committees might begin preparing improvements in district plans already adopted -- providing less district saving on salaries in favor of compensation and less risk for teachers accepting such plans and retiring from STRS.
- Where there are district plans or members want such plans, chapter Retirement Committees need to study, develop, and negotiate plans more protective to teachers and their beneficiaries and yet meeting some of the objectives of both teachers and districts. Currently existent plans will penalize the majority of teachers who accept such instead of properly recognizing and rewarding long and productive teaching.

Prepared by the
Subcommittee on Research of the
Retirement Committee,
State Council of Education
California Teachers Association
April, 1973
RR:sh

Wayne Scott, Chairman
James Slivkoff
Cecil Cox
Pete Embree
Helyn Fairbrother
Helen Hobson
Joe Kuhns
Mike Peshel
Sue Schlegel
Danny Wong
Ralph Bryant
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APPENDIX D

Attorney General's Opinion on
Early Retirement Incentive Plans (March 13, 1974)
and
Cover Letter (March 15, 1974)

STATE OF CALIFORNIA
RONALD REAGAN, Governor

STATE TEACHERS' RETIREMENT SYSTEM
1416 NINTH STREET, ROOM 616
SACRAMENTO 95814

March 15, 1974

TO: County Superintendents of Schools
Other Interested Parties

FROM: Michael N Thome
Chief Executive Officer

SUBJECT: Attorney General's Opinion CV 73/282 IL,
Regarding Early Retirement Incentive Plans

Attached is a copy of the above-referenced Attorney General's Opinion dealing with the subject of early retirement incentive plans. The State Teachers' Retirement System will not be publishing guidelines as to what is or is not a proper early retirement incentive plan. It is strongly suggested that you take this opinion together with your present plan or your proposed plan and discuss the matter with your county counsel.

Michael N. Thome

MICHAEL N. THOME
Chief Executive Officer

Attachment

EVELLE J. YOUNGER
ATTORNEY GENERAL

STATE OF CALIFORNIA

OFFICE OF THE ATTORNEY GENERAL
Department of Justice
555 CAPITOL MALL, SUITE 550
SACRAMENTO 95814

CV 73/282 IL

March 13, 1974

Michael N. Thome
Chief Executive Officer
State Teachers' Retirement System
1416 Ninth Street
Sacramento, California 95814

Dear Mr. Thome:

This is in reply to the several questions you have asked in connection with early retirement programs. Your questions are these:

1. With respect to the State Teachers' Retirement System, who should make the determination, whether the former employees' services are performed as independent contractors or as employees of the school district?

2. As an inducement for an employee retiring early, may a school district employer pay the employee an early retirement bonus over and above his contract salary?

3. As an inducement for early retirement, may a school district contract with an employee so that after he has retired he will be engaged for a fixed period of years at an annual compensation of not more than $4,000 per year?

4. Where an early retirement contract is entered into:

A. May an independent contractor perform teaching services for the school district?

B. May an independent contractor contract only with one school district or must he make his services available to other school districts?

C. May the school district exercise supervision and control over an independent contractor?

Our conclusions may be summarized as follows:

1. The Teachers' Retirement System may in every case make the determination whether a person performing services for a school district is an employee or an independent contractor and hence excluded from membership in the system.

2. A district may not pay a bonus for early retirement.

3. A school district may enter into such a contract but only where such services are special and are not available from any public source. Such is the case whether or not the contractor is an ex-employee of the district.

4. A. A contractor cannot perform teaching services.

B. Whether or not the contractor is limited to performing services for one district would depend upon the terms of the contract; absent some limitation he is not confined to one district.

C. If a legitimate independent contractual relationship exists the district would have no authority to exercise supervision and control over the contractor.

ANALYSIS

Under the early retirement programs that have been submitted it appears that teachers in the higher salaried brackets are offered an inducement to leave the service of a district at an early age with the district offering to engage them as "consultants" on a contractual basis with payments of up to $4,000 a year. Motivation for the program is said to be that by having a higher salaried teacher leave his employment the district is free to hire a teacher in a lower salary classification and thus effect a savings. Your interest in the matter arises because it is necessary for the system to make a determination whether the early retirees are in reality certificated employees of the district rather than independent contractors and hence subject to membership in the State Teachers' Retirement System.

1. Your first question may be answered by saying that Education Code section 13872 and 13883 make it clear that the system has the ultimate authority to determine whether persons

rendering services to a school district are or are not subject to membership in the system, that is, whether they are employees in certificated positions or independent contractors. The two sections read as follows:

> Section 13872. "The board shall set policy and make rules and it has the sole power and authority to hear and determine all facts pertaining to application for benefits under the system or any matters pertaining to the administration thereof. The board shall meet at least once every calendar quarter."

> Section 13893. "The board shall determine the service rendered by members to be credited toward qualification for retirement, and shall fix retirement allowances and modify the allowances."

As an administrative matter the board may at the outset rely on the determination of the district concerned; however it would not be bound by that determination.

The board's decision as to the status of a person performing services for a school district would of course be subject to judicial review as are other determinations made by it.

2. School districts are entities with limited powers (*Elder* v. *Anderson*, 205 Cal.App.2d 326; *Hutton* v. *Pasadena City Schools*, 261 Cal.App.2d 586) and can expend monies only for purposes authorized by law. *Patterson* v. *Bd. of Trustees*, 157 Cal.App.2d 811, 818; 49 Ops.Cal.Atty.Gen. 136, 139. No sanction is found in the Education Code for the payment of a bonus to a teacher as an inducement for him to leave the service of the district. Accordingly a bonus cannot be paid.

3. Education Code section 14221 and 14222 provide:

> Section 14221. "Unless specifically provided to the contrary, no person retired for service shall accept employment in a status requisite for membership in the system, or in any teaching capacity in a public school, within one year after the effective date of retirement. In no event shall a person

> accept such employment until after notifying the board at its office in Sacramento, and if retirement is for disability, until the board has determined by medical examination that he is no longer disabled. If any person fails to comply with these requirements the employment shall be invalid."
>
> Section 14222. "If any person retired pursuant to this article is reemployed in a status requisite to membership in the system or in any teaching capacity in a public school, or if any person retired for disability ceases to be incapacitated, his retirement allowance shall cease, and he shall be reinstated to membership in the system."

While sections 14221 and 14222 preclude a district from "employing", that is, entering into an employee-employer relationship with a retired teacher they do not forbid a district from entering into an agreement where the retired teacher is an independent contractor. Government Code section 63060 authorizes school districts and other public entities to contract for ". . . the furnishing to the corporation or district special services and advice in financial, economic, accounting, engineering, legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required."

"The test as to whether a school district may contract for services under Government Code section 63060 depends on the nature of the services; the necessary qualifications required of a person furnishing the services; and the availability of the service from public sources." *California Sch. Employees Assn.* v. *Sunnyvale Elementary Sch. Dist.*, 36 Cal.App.3d 46; see also *Jaynes* v. *Stockton*, 193 Cal.App.2d 47. If an employee of the district can furnish needed services which meet the limitations set forth in the quoted language the district may properly contract with him to perform such services upon termination of his employment. The fact that he is induced to relinquish his position as an employee of the district because of the contract would not render the contract improper.1/ A teacher is not under a legal or moral obligation to remain in his position until the age at which tenure ceases.

---

1. The Teachers' Retirement Law does not specifically exclude independent contractors from membership as does the Public Employees' Retirement Law (Gov. Code § 20330). However membership is limited to employees (Education Code § 13940 et seq.) so the effect is the same.

Whether a service is "special" is a question of fact. *Jaynes* v. *Stockton*, *supra*; *Cobb* v. *Pasadena City Bd. of Education*, 134 Cal.App.2d 93. Whether the service is available from a public source is also a factual matter. *California Sch. Employees Assn.* v. *Sunnyvale Elementary Sch. Dist.*, *supra*.

In addition to section 53060 it may be noted that Education Code sections 1068 et seq. authorize districts to enter into contracts for the improvement of local educational programs provided approval of the State Board of Education is obtained. Other provisions, Education Code sections 6961 et seq., authorize districts to enter into contracts relating to educational techniques.

It is our understanding that a number of districts have adopted early retirement programs with details of the programs varying from district to district. No attempt will be made to pass upon the propriety of any of the plans presently operating as this would require, among other things, the determination of certain factual matters.

Our reply to the instant question may be summarized thusly: A district can enter into a contract with an employee whereby the employee agrees to leave his position with the district and enter into an independent contractual arrangement with the district whereby he is to perform certain services as a consultant. While the question as presented mentions a compensation of not more than $4,000 a year there is no reason, if a legitimate contractual arrangement is entered into, why the compensation need be limited to that figure.[2]

In stating that a district can contract it is assumed that there is a legitimate need or desirability for the service to be performed, that the compensation is commensurate with the service and that, if there is a limitation as to the persons with whom the district will contract, there is a rational basis for the limitation. The conditions found in the preceding sentence and the test set forth in California Sch. Employees Assn. v. Sunnyvale Elementary Sch. Dist. are of course applicable to contracts with both to employees and non-employees.

---

[2] Education Code section 14226 permits retired teachers to be employed in positions requiring certification without reinstatement from retirement or loss of retirement benefits providing compensation is limited to $4,000 a year. Persons engaged as consultants are not employed in positions requiring certification so as to authorize their employment under section 14225 and the $4,000 figure is meaningless. Section 13592, which is in that portion of the Education Code dealing with classified employees, prohibits, with certain exceptions not pertinent here, any employment of a retired teacher in a classified position.

4. A. Education Code section 13252 directs districts to "employ" certificated personnel. While the employment of teachers is effected by a contract between the district and the teacher (Gould v. Santa Ana High Sch. Dist., 131 Cal. App. 315, Richardson v. Bd. of Education, 6 Cal. 2d 583) the status of a teacher is that of an employee. Martin v. Fisher, 108 Cal. App. 34.

In California Sch. Employees Assn. v. Willits Unified Sch. Dist., 243 Cal.App.2d 776, where the court held that a school district could not contract out janitorial services but rather was required to employ janitors, this language appears at page 784:

> "We conclude that the Association is correct as to the dismissed janitorial employees. The statute is cast in mandatory terms. It resembles the section in which boards are required to engage certificated personnel for teaching, namely, Education Code section 13252. The requirement of classification contained in section 13581, it seems clear, is intended to impose an obligation which cannot be avoided by the use of contracts. Moreover, the section goes on to spell out exemptions from classification (substitute and short-term and part-time and student employees, apprentices, and professional experts). The listing of exemptions implies that others are included in the mandatory terms of the section."

As is the case with janitors the districts are required to "employ" teachers, that is, it is only on an employee-employer basis that a district can hire teachers. The mandate to "employ" precludes districts from engaging teachers on an independent contractual basis.

B. Nothing in the Education Code would prohibit a contracting consultant from making his services available to more than one school district. There is however no reason why the contract could not specify that the contractor would devote all of his energies to the particular district he contracts with.

C. The distinction between an employee-employer relationship and an independent contractor relationship is that an employer has the right to exercise complete and authoritative control over what is being done whereas an independent contractor is free from such control. *Burlingame v. Gray*, 22 Cal. 2d 87; *Hillen* v. *Industrial Acc. Com.*, 199 Cal. 577; *Coleng* v. *Ramsdell*, 19 Cal.App.2d 376.

In *Winther* v. *Industrial Acc. Com.*, 16 Cal.App.2d 131, the following language appears:

> "The term 'Independent contractor' has been defined as 'one who renders service in the course of an independent employment or occupation, following his employer's desires only in the results of the work, and not the means whereby it is to be accomplished'. (*Moody* v. *Industrial Acc. Com.*, 204 Cal. 668, 670 [269 Pac. 542, 60 A. L. R. 299].) In arriving at a determination of whether one person is an employee of another or whether the status of the former is that of an independent contractor, one of the best tests to be applied to the factual situation which is presented is the right of control. (*Hillen* v. *Industrial Acc. Com.*, 199 Cal. 577 [250 Pac. 570].) When the essential object of the employment is the performance of certain work the relation of master and servant does not exist unless the employer reserves the right to direct the mode and manner in which the work shall be done. (*Western Indemnity Co.* v. *Pillsbury*, 172 Cal. 807 [159 Pac. 721].)"

If the person rendering services as a consultant is actually an independent contractor the district would not be empowered to exercise supervision and control as to details. The contractor would be obliged to follow the district's desires only as to end results, not the means whereby it is to be accomplished.

Article IX, section 14 of the California Constitution was amended in 1972 so as to allow the Legislature to authorize school districts to engage in activities not in conflict with laws and purposes for which school districts are established. As of the present date it does not appear that any enabling legislation has been enacted though Assembly

Bill 27 which is couched in much the same language as the constitutional provision has passed the Assembly. Future legislation passed in implementation of section 14 may of course enlarge the powers of districts to contract.

It should be pointed out that in certain cases early retirement or an early resignation may have a serious impact on the retirement allowance that is to be paid by the teachers' system. Thus, a teacher retiring at age 55 with 25 years of service with a final compensation of $1,000 would receive a monthly retirement allowance in the amount of $350, whereas as if he continued until age 60 the allowance would be $600.

The figures given are predicated upon an unchanged salary. If the salary schedule of the position from which the teacher retired had been increased during the 5 years between the time he left service and the time he attained age 60 the change would be even more dramatic.

Very truly yours

EVELLE J. YOUNGER
Attorney General

WILLIAM J. POWER
Deputy Attorney General

WJP:YT

APPENDIX E

CTA Member's Guide to Family,
Disability, and Retirement Benefits
(July 1, 1972)

CTA Member's Guide To

FAMILY, DISABILITY AND RETIREMENT BENEFITS

Effective July 1, 1972

For Members Of The
STATE TEACHERS RETIREMENT SYSTEM

Series No. 1

Prepared by the Retirement Committee
California Teachers Association
1705 Murchison Drive, Burlingame, California

Revised November 1972

APPENDIX D

Tables Applicable to Male and Female Members Beginning July 1, 1972

Percentage of Final Compensation

Years' Service	55	56	57	58	59	60	61	62	63	64	65 & Older
5	7.00	7.60	8.20	8.80	9.40	10.00	10.00	10.00	10.00	10.00	10.00
6	8.40	9.12	9.84	10.56	11.28	12.00	12.00	12.00	12.00	12.00	12.00
7	9.80	10.64	11.48	12.32	13.16	14.00	14.00	14.00	14.00	14.00	14.00
8	11.20	12.16	13.12	14.08	15.04	16.00	16.00	16.00	16.00	16.00	16.00
9	12.60	13.68	14.76	15.84	16.92	18.00	18.00	18.00	18.00	18.00	18.00
10	14.00	15.20	16.40	17.60	18.80	20.00	20.00	20.00	20.00	20.00	20.00
11	15.40	16.72	18.04	19.36	20.68	22.00	22.00	22.00	22.00	22.00	22.00
12	16.80	18.24	19.68	21.12	22.56	24.00	24.00	24.00	24.00	24.00	24.00
13	18.20	19.76	21.32	22.38	24.44	26.00	26.00	26.00	26.00	26.00	26.00
14	19.60	21.28	22.96	24.64	26.32	28.00	28.00	28.00	28.00	28.00	28.00
15	21.00	22.80	24.60	26.40	28.20	30.00	30.00	30.00	30.00	30.00	30.00
16	22.40	24.32	26.24	28.16	30.08	32.00	32.00	32.00	32.00	32.00	32.00
17	23.80	25.84	27.88	29.92	31.96	34.00	34.00	34.00	34.00	34.00	34.00
18	25.20	27.36	29.52	31.68	33.84	36.00	36.00	36.00	36.00	36.00	36.00
19	26.60	28.88	31.16	33.44	35.72	38.00	38.00	38.00	38.00	38.00	38.00
20	28.00	30.40	32.80	35.20	37.60	40.00	40.00	40.00	40.00	40.00	40.00
21	29.40	31.92	34.44	36.96	39.48	42.00	42.00	42.00	42.00	42.00	42.00
22	30.80	33.44	36.08	38.72	41.36	44.00	44.00	44.00	44.00	44.00	44.00
23	32.20	34.96	37.72	40.48	43.24	46.00	46.00	46.00	46.00	46.00	46.00
24	33.60	36.48	39.36	42.24	45.12	48.00	48.00	48.00	48.00	48.00	48.00
25	35.00	38.00	41.00	44.00	47.00	50.00	50.00	50.00	50.00	50.00	50.00
26	36.40	39.52	42.64	45.76	48.88	52.00	52.00	52.00	52.00	52.00	52.00
27	37.80	41.04	44.28	47.52	50.76	54.00	54.00	54.00	54.00	54.00	54.00
28	39.20	42.56	45.92	49.28	52.64	56.00	56.00	56.00	56.00	56.00	56.00
29	40.60	44.08	47.56	51.04	54.52	58.00	58.00	58.00	58.00	58.00	58.00
30	42.00	45.60	49.20	52.80	56.40	60.00	60.00	60.00	60.00	60.00	60.00
31	43.40	47.12	50.84	54.56	58.28	62.00	62.00	62.00	62.00	62.00	62.00
32	44.80	48.64	52.48	56.32	60.16	64.00	64.00	64.00	64.00	64.00	64.00
33	46.20	50.16	54.12	58.08	62.04	66.00	66.00	66.00	66.00	66.00	66.00
34	47.60	51.68	55.76	59.84	63.92	68.00	68.00	68.00	68.00	68.00	68.00
35	49.00	53.20	57.40	61.60	65.80	70.00	70.00	70.00	70.00	70.00	70.00
36	50.40	54.72	59.04	63.36	67.68	72.00	72.00	72.00	72.00	72.00	72.00
37	51.80	56.24	60.68	65.12	69.56	74.00	74.00	74.00	74.00	74.00	74.00
38	53.20	57.76	62.32	66.88	71.44	76.00	76.00	76.00	76.00	76.00	76.00
39	54.60	59.28	63.96	68.64	73.32	78.00	78.00	78.00	78.00	78.00	78.00
40	56.00	60.80	65.60	70.40	75.20	80.00	80.00	80.00	80.00	80.00	80.00

APPENDIX F

Proposal to Improve State Teachers Retirement System Benefits (October 25, 1974)

Appendix F has been removed due to poor legibility. It contained a reprint from CTA Action, October 25, 1974, pp8-9: "STRS Retirement Plan Hinges on Member Vote."

APPENDIX G

Early Retirement Incentive Plans

1. Carmel Unified
2. Martinez Unified
3. Pasadena Unified
4. Porterville Elementary
5. Riverbank Elementary
6. San Bernardino Unified
7. Sequoia Union High

1. Carmel Unified

Carmel Unified School District - July 11, 1973 Information

PROPOSAL FOR SUPPORTING EARLY RETIREMENT OF STAFF MEMBERS

This plan calls for the financial support of employees being paid on the certificated salary schedule who have elected to retire between the ages of 55 and 62 providing they have been full-time teachers for the last five years before retirement or have served the District for a total of twenty years or the equivalent and are working for the District at the time of retirement.

A non-profit corporation shall be formed through which the District can contract for specialized educational services. Each retired employee meeting the above requirements, shall be eligible to become a member of the corporation and the corporation shall be financially supported by the District according to the following scale.

Age	District Contribution to Corporation for Each Retired Staff Member	Number of Days' Service Required
55	$3,000	30
56	2,800	28
57	2,600	26
58	2,400	24
59	2,200	22
60	2,000	20
61	1,800	18
62	1,600	16

No member shall be eligible to participate for more than five years.

At the present time the average age of Carmel teachers at retirement is 62 (results of a study of retirements for the past 5 years). Members of the corporation shall serve the District the number of days specified each year. Services might include curriculum development, program coordination, assisting beginning teachers, starting new programs, training teacher aides. Some tasks can be accomplished in locations other than the Carmel area.

Individual members of the corporation shall not receive more income a year than that stated in the agreement. The corporation shall, by the first working day of each month, submit a bill for services rendered by their members during the previous month.

In addition, the corporation can qualify members for Social Security benefits. This would allow many members with some earned Social Security quarters to qualify for Social Security benefits, including Part A of Medicare. A person must earn at least $50.00 in a quarter of the year to earn one quarter credit. The number of quarters required for Social Security benefits will range from 30 to 40, depending on age, work record, etc.

In order for this proposal to be effective, the Governing Board would have to agree not to change the provisions of the agreement during the retired employee's membership in the corporation.

Reproduced by Professional Services
CTA, Burlingame - December 1973 - sh

2. Martinez Unified

JAYCOX PLAN

Martinez Unified

EARLY RETIREMENT OPPORTUNITY FOR CERTIFICATED EMPLOYEES

PROGRAM

1. Participation shall be on a voluntary basis.

2. The program shall be conducted so that there will be no net expense to the District, such net expense to be recomputed each year.

3. Participants shall be allowed to retain all current fringe benefits for themselves and their spouse or the equivalent.

4. Participation in the program shall not continue past the school year in which the participant reaches age 65.

5. Participants shall be guaranteed by written contract employing them as consultants, reimbursement which when added to their retirement income shall equal their current income less state and federal taxes, retirement contributions and professional dues, subject to the limitation expressed in No. 2.

6. Persons employed as consultants under this program shall receive a per diem rate equal to their current per diem rate based on their annual salary prior to retirement.

7. Persons employed as consultants shall be assigned activities mutually agreeable by the person and the District; such activities shall be to the best interest of the District.

8. Persons opting for this program shall also have the option of entering, at their own expense, the Social Security and Medicare systems.

(Over)

ADVANTAGES TO EMPLOYEE

1. Allows employee to continue to work in his chosen vocation, even though retired, and make a valuable contribution, through his consultant services, to the school district.

2. Allows participant, once retired, to become self employed as a consultant and earn social security benefits, including Medicare, which are not available to most career teachers upon retirement.

3. Generally allows employee additional savings because of decreased expenses in connection with his current position, i.e., driving to and from school, clothing, professional growth expenses, etc.

4. Provides employee opportunity and time, as well as financial resources due to maintaining current level of spendable income, to travel or make other use of leisure time.

5. Gives participant opportunity to actually increase spendable income through substituting up to maximum income allowed under State Teachers Retirement System.

ADVANTAGES TO THE DISTRICT

1. Allows District to utilize effectively services of its senior educators, while also providing opportunities for younger educators to enter the profession.

2. Allows District to capitalize on expertise of senior staff which would otherwise be lost upon their retirement.

3. Allows District to utilize expertise of senior staff which cannot be done at present because of the demands of their current position in terms of time and responsibilities.

4. In some cases there will be a net monetary saving to the District because of salary differential between participant and salary of replacement (plus costs of operating the program).

5. Enables the District, despite shrinking enrollment and resultant staff cutbacks, to provide staff turnover.

FORMULA FOR COMPUTING DAYS OF SERVICE

Days of service to be rendered under this contract shall be computed as follows:

1. Compute the monthly salary based on annual contract salary prior to retirement.

2. Reduce No. 1 by (a) Federal and State income tax withholding based upon two exemptions; (b) State Teachers' Retirement System (STRS) contributions; (c) Professional organization dues.

3. Obtain from STRS the guaranteed retirement income for the employee based upon selection of the option which would result in the highest monthly retirement income.

4. Subtract amount in No. 3 from No. 2. Multiply this by 12. This product is the amount to be received for services each year provided the amount is not greater than No. 6 below.

5. Compute the difference between employee's annual contract salary prior to retirement and the annual contract salary of an employee on Class III Step 1 of the current salary schedule x 1.05 (average replacement cost factor plus one step on the current schedule).

6. Reduce the amount in No. 5 by the cost of current medical and dental fringe benefits, based upon a rate for employee and spouse. This is the basic District saving.

7. Divide the annual contract salary of employee prior to retirement by the number of working days included within his contract dates. These work days shall be the ones specified in the school calendar and include institute, conference, and professional growth days, plus all week days not considered state or national holidays which do not occur within the school year as defined by the District calendar. This amount shall be the daily rate of reimbursement for the employee as a consultant.

8. Divide the daily rate computed in No. 7 into the amount computed in No. 4. This will yield the number of days (and partial days) of service to be rendered under this Contract annually.

3. Pasadena Unified

PASADENA UNIFIED SCHOOL DISTRICT

Number 6 June 9, 1972

Early Retirement Incentive Program

The Board of Education at its meeting June 6 approved the Early Retirement Incentive Program for implementation beginning July 1, 1972. The following are the specific components of the program:

1. A person would be eligible for this program by serving satisfactorily in the Pasadena Unified School District for a minimum of 10 years.

2. A person must be currently earning $11,194 or more to be eligible for this program.

3. Only persons who have attained the age of 50 shall be eligible for this program.

4. Persons opting for this program shall serve a minimum of 20 days per year at activities mutually agreed to by the person and the school district. Such activities, by definition, shall be in the best interests of the district.

5. A contract with the person opting for this program shall be for a period of 5 years or to age 65 whichever comes first.

6. Persons opting for this program shall be allowed to maintain current fringe benefit programs of the district, payment for which shall be subtracted from the amount of compensation.

7. The annual compensation shall range from $2500 to $4000 according to the following schedule:

Amount Presently Earned	Early Retirement Incentive Plan
$11,194-11,619	$2500
11,620-12,045	2600
12,046-12,805	2750
12,806-13,565	3000
13,566-14,325	3250
14,326-15,085	3500
15,086-15,839	3750
15,840 or over	4000

APPLICATIONS SHOULD BE MADE NOW

Those persons who have already expressed interest in this program by filling out the Early Incentive Program Survey will be contacted by the personnel office. Persons who have not as yet notified the personnel office of their interest in this program should do so immediately. An interview will be arranged to discuss the program and how it affects you and your retirement.

Reproduced by CTA, Burlingame
March 1973 - sh

4. Porterville Elementary

PORTERVILLE PROPOSAL

Pre-Retirement Salary Increment

1. All certificated staff shall be eligible for the pre-retirement salary increment.

2. The increment is to be applied to the salary during the last year of service.

3. The increment is not automatic; it must be applied for.

4. Application must be made prior to June 1 of the year previous to the retirement year, except during the year of inception, 1972-73, when it shall be prior to July 1, 1972. A part of the application process will be a resignation, for purpose of retirement, or resignation from the teaching profession, to become effective June 30 one year hence.

5. The Board of Trustees will accept the resignation and award the retirement increment.

6. If the individual defaults by continuing teaching in this or any other California district, the retirement increment shall be refunded to the district. Substituting is specifically exempted from this requirement.

7. Teachers employed less than full time will receive a pro-rata part of the pre-retirement increment. This shall be calculated on the same ratio as the part-time employee's salary relates to full-time compensation.

8. The employee must have been employed by the district for seven (7) years prior to retirement to be eligible.

9. Increments shall be defined as follows: retirement or resignation from the teaching profession at age:

55	$2,400
56	2,340
57	2,222
58	2,040
59	1,800
60	1,500
61	1,140
62	720
63	240
64	120

Reproduced by
California Teachers Association
Burlingame, Calif. 94010
March 1973 - sh

5. Riverbank Elementary

RIVERBANK ELEMENTARY DISTRICT POLICY

SECTION 913. Incentive for Early Retirement

For the purpose of awarding certificated employees a bonus for early retirement, the following procedure and schedule has been adopted as part of the rules and regulations of the Administration Guide of the Riverbank School District:

The candidate shall declare between his fifty-fourth (54th) and fifty-ninth (59th) year of age, and the date of retirement shall immediately follow the declaration. If he retires the first year after declaration, he shall receive a $3,000 bonus, the second year $1,500, and the third year $500. The request must be in writing and if the retiring employee changes his mind and decides to teach longer, it is understood that he will return the money. The candidate shall have fifteen (15) years service with the district and AB + 24 additional units.

SCHEDULE:

Declaration Date	$3,000	$1500	$500
54	55	56	57
55	56	57	58
56	57	58	59
57	58	59	60
58	59	60	61
59	60	61	62

(Adopted by the Board. May 2, 1972)

NOTE: These incentive amounts, added to salary, do not increase final compensation for retirement purposes.

Robert Rees
CTA
Burlingame, Calif.

Reproduced by CTA
Burlingame, Calif.
March 1973 - sh

6. San Bernardino Unified

San Bernardino "Early Retirement" Proposal

POLICY TO EMPLOY RETIRED TEACHERS AND ADMINISTRATORS TO RENDER SERVICE TO THE SCHOOL DISTRICT

We are presenting for the consideration of the Board of Education a proposal which would allow the San Bernardino City Unified School District to contract with retired teachers or administrators who will render services to the district after retirement. There are several immediate advantages to such a program and a few are listed below although there may be others not yet identified.

I. This program will provide the district with the opportunity to secure the services of highly qualified and experienced personnel to

   a. Assist in the development of curriculum.
   b. Evaluate instructional programs,
   c. Assist in the improvement of teaching strategies,
   d. Assist new or inexperienced teachers,
   e. Develop learning materials,
   f. Conduct research projects,
   g. Etc.

II. This program will provide to the employees of retirement age the opportunity to exercise retirement option at an earlier age with the possibility of supplementing their retirement incomes.

III. This program will provide an opportunity to the employee suffering poor health to retire at an earlier age and provide the opportunity to supplement his income.

The Administration has carefully studied the legal and financial impact of the program to employ retired personnel to render service to the school district. We have discussed the legal ramifications with the Deputy County Counsel and have an opinion from the County Counsel that the policy proposed is legal as long as employment in this status does not become a condition of early retirement.

The following conditions of the proposed policy are presented for consideration:

1. The program will be available to retired teachers and administrators who have attained the age of 55 years.

2. The teacher or administrator must have served in the San Bernardino City Unified School District for a minimum of twelve years.

3. Teachers or administrators who wish to be employed in this capacity after retirement must serve a minimum of 25 days per year in an activity mutually agreed to between the person and the school district.

(over)

4. A teacher or administrator must be earning a minimum of $13,000 per year to be eligible for this program.

5. A teacher or administrator may contract to serve in this capacity for a period of five years or until age 65, whichever occurs first.

6. A teacher or administrator employed under this policy may continue in any health and welfare benefit program provided for employees of the district by paying his individual premiums.

The following are the annual compensation ranges proposed for the program based on current 1972-73 salary schedule:

Annual Salary	Compensation for Services
$ 15,000.+	$ 4,000.
14,500.- 14,999.	3,750.
14,000.- 14,499.	3,250.
13,500.- 13,999.	2,750.
13,000.- 13,499.	2,500.

These compensation rates for services will be subject to adjustment upon the adoption of a new or revised salary schedule.

The opportunity to be employed would be extended to any teacher or administrator who qualified under the above conditions and who has indicated since January 1, 1973 or will indicate prior to June 30, 1973 his intent to retire because of the time necessary to counsel with each potential retiree and establish his or her work plan for the following year.

The Administration recommends the following resolution be adopted:

BE IT RESOLVED that the Board of Education of the San Bernardino City Unified School District adopt as presented the policy to employ retired teachers and administrators to render service to the school district.

GEORGE LUCAS
Director, Personnel Services
April 26, 1973

7. Sequoia Union High

Sequoia District Teachers Association

1826 INDUSTRIAL WAY • REDWOOD CITY, CALIF. 94063

ROOM 22 (415) 365-0463

April 23, 1973

TO: CERTIFICATED EMPLOYEES, SEQUOIA UNION HIGH SCHOOL DISTRICT

FROM: EARLY RETIREMENT COMMITTEE

Attached is a draft - for your consideration, but not publication - of the early retirement program we have been working on. We need to know potential interest in this program when we present it to the Board of Trustees, to enable us to calculate potential personnel impact and financial savings to the District. Please examine carefully. This program is not suitable for everyone; it is highly dependent on your total financial picture.

There are a series of options from which the early retiree would choose one (which cannot be changed, once selected) when he retires. When a percentage is listed on the options, that represents a percentage of your final salary with the district; those options call for 30 days of consultant work per year for the District.

When you enter the State Teachers Retirement System (minimum age 55), that is designated by R-4 in the options (retirement pay plus $4,000 in consultant fees for 20 days of consultant work per year). A table is attached to help you estimate your retirement pay.

Please complete the following questionnaire and return to the appropriate person listed below. PLEASE RETURN; we need this information. This does not commit you to the program.

- - - - - - - - - - - - -

I would be interested in entering this program:

Prior to September, 1973 ______
Conclusion of 73/74 school year ______
Conclusion of 74/75 school year ______
At some future date ______ (Approx. what year? ____)
Not at all ______

If interested, at the time you would enter the program:
How many years will you have been in the District at that time? _____
How old will you be then? _____
What would your salary classification (i.e., Class V, Step 12) be then? ________________________

RETURN BY April 26, 1973 to:

Jim Bradshaw, Carlmont	Bill Green, San Carlos
Charles Connery, Menlo Atherton	Lois Bourquin, Sequoia
Bill Cane, Ravenswood	Warren Jensen, Woodside
Linda Yule, Redwood	John Bunting, District

(over)

SEQUOIA DISTRICT TEACHERS ASSOCIATION

April 23, 1973

EARLY RETIREMENT COMMITTEE

Attached is a proposal for early retirement which would help solve the problem of staff retrenchment due to declining enrollment and also save the District money by encouraging those at maximum salary to retire early.

Committee Members

Jim Bradshaw	Carlmont High School
Lillian Briggs	Menlo Atherton High School
Charles Connery	Menlo Atherton High School
Warren Jensen	Woodside High School
Cuba Miller	Woodside High School
Larry Smith	Menlo Atherton High School

SECOND DRAFT

ADVANTAGES TO THE SEQUOIA DISTRICT

1. It would encourage persons at the top of the salary schedule to retire early.
2. It would help curtail the necessity of dropping newly employed teachers, many of whom are minority.
3. It would allow the district to continue hiring new/young personnel during an extended period of dropping student enrollment and the accompanying staff retrenchment.
4. It would provide the district with a pool of trained professionals, already familiar with the district, for consultant work and special projects.
5. The plan can operate at no cost to the district. There is a demonstrable potential financial saving to the district. While losing employees at the top of the salary schedule, replacements would be hired at the beginning levels on the salary schedule.

SPECIFIC COMPONENTS OF THE SEQUOIA DISTRICT PLAN

1. The employee entering the early retirement plan must be 50 years of age or older.
2. The employee must have served satisfactorily for a minimum of 10 years in the district ~~and~~ have been at Class V, Step 12 of the salary schedule for 5 years.
3. The employee would be eligible to remain on the program for a period of 7 years or until he reaches age 62.
4. Administrators would enter the program at the level they would be placed at the teachers' salary schedule.
5. Retirement benefits presently extended to retired employees would be extended to persons entering the early retirement plan.
6. Once an employee has entered the early retirement program he may not re-enter regular employment in the district.
7. The employee may leave and re-enter the consultant pool during his eligible period.
8. Persons opting for this program would be required to serve thirty working days each year at activities or services and times established by the district in consultation with the employee. Once an employee moves from a percentage to the R-4 phase of his option, his days of required service shall be reduced from thirty to twenty. In unusual circumstances, the Superintendent may waive the service requirement.
9. A contract would be signed and renewed annually for the eligibility period designating part-time compensation based on the employee's placement (class and step) on the salary schedule then current, as if he were a full time employee.
10. The early retiree will be considered a part-time employee of the district. Since he is no longer contributing to the State Teachers Retirement System, he will have the option of joining the Social Security system.
11. The first year this plan is in effect, those teachers between the ages of 62 and 65, will be included, and they shall continue to be so until they reach age 65.

(over)

SPECIFIC COMPONENTS OF THE SEQUOIA DISTRICT PLAN (Con't)

12. The employee selecting the program will serve the designated number of days per year at activities mutually agreed upon. These activities vary with the individual, but in general may include:

    a) Demonstration teaching
    b) Working on staff development and in-service programs
    c) Helping with testing programs
    d) Compiling test data as it relates to reading and math profiles, etc.
    e) Orienting and providing aid to new teachers
    f) Updating curriculum guides and other learning materials
    g) Articulation with elementary schools
    h) Observation and evaluation of staff (Stull bill)
    i) WASC Coordinators
    j) Summer school teaching

DISTRICT FINANCIAL CONSIDERATIONS

Salary $17,500 x 7 years = $122,500 cost to district if employee stays on the job

Replacement Salary

Year 1	$9,000	Class II
2	9,400	
3	9,900	
4	10,800	Class III
5	11,300	
6	11,800	
7	13,200	Class IV
	$75,400	

$122,500	
75,400	
$ 47,100	difference in salaries if employee is at top of salary schedule is replaced with a new teacher.

EXAMPLES OF EARLY RETIREMENT ALLOWANCES

Options	Years 1	2	3	4	5	6	7	Total Part Time Pay	Potential ***Saving to District
A.	*50%	R-4	R-4	R-4	R-4	R-4	R-4	$32,750	$14,350
B.	45%	45%	R-4	R-4	R-4	R-4	R-4	$36,700	$11,350
C.	40%	40%	40%	R-4	R-4	R-4	R-4	$37,000	$10,100
D.	35%	35%	35%	35%	R-4	R-4	R-4	$36,500	$10,600
E.	30%	30%	30%	30%	30%	R-4	R-4	$34,250	$12,850
F.	30%	30%	30%	30%	30%	30%	R-4	$35,500	$11,600
G.	30%	30%	30%	30%	30%	30%	30%	$36,750	$10,350
H.	**R-4	R-4	R-4	R-4	R-4	R-4	R-4	$28,000	$19,100

*while working on a percentage of salary, consultant time will be 30 days.

** R-4 - the teacher has entered the State Retirement System.
The consultant time drops to 20 days, compensated at $4,000.

*** less cost of fringe benefits.

(over)

EXAMPLES OF EARLY RETIREMENT ALLOWANCES

Option A.	50% - 1 year R-4 - 6 years	$17,500 .50 8750.00 24000 (R-4) $32,750	$47,100 32,750 $14,350	Savings
B.	45% - 2 years R-4 - 5 years	$17,500 .45 875.00 70000 7875.00 x 2 yrs 15,750 20,000 (R-4) $35,750	$47,100 35,750 $11,350	Savings
C.	40% - 3 years R-4 - 4 years	$17,500 .40 7000.00 x 3 yrs 21,000 16,000 (R-4) $37,000	$47,100 37,000 $10,100	Savings
D.	35% - 4 years R-4 - 3 years	$17,500 .35 875.00 52500 6125.00 x 4 yrs 24,500 12,000 (R-4) $36,500	$47,100 36,500 $10,600	Savings
E.	30% - 5 years R-4 - 2 years	$17,500 .30 5250.00 x 5 yrs 26,250 8,000 (R-4) $34,250	$47,100 34,250 $12,850	Savings
F.	30% - 6 years R-4 - 1 year	$17,500 .30 5250 x 6 yrs 31,500 4,000 (R-4) $35,500	$47,100 35,500 $11,600	Savings
G.	30% - 7 years	$17,500 .30 5250 x 7 yrs $36,750	$47,100 36,750 $10,350	Savings
H.	R-4 - 7 years	$28,000 (R-4)	$47,100 28,000 $19,000	Savings

APPENDIX H

Early Retirement Incentive Plans
1. Berkeley Unified
2. Hayward Unified
3. Long Beach Unified
4. Los Gatos Joint Union High
5. Mill Valley Elementary
6. Palo Alto Unified
7. San Rafael Elementary and High

1. Berkeley Unified

MEMORANDUM OF AGREEMENT RELATING TO EDUCATION CODE SECTION 13337.7

The following provisions apply to employees desiring part-time employment towards early retirement:

EDUCATION CODE Section 13337.7: Notwithstanding any other provision, the governing board of a school district may establish regulations which allow their certificated employees to reduce their workload from full-time to part-time duties.

Such regulations shall include but shall not be limited to the following if such employees wish to reduce their workload and maintain retirement benefits pursuant to Section 14009.

(a) The employee must have reached the age of 55 prior to reduction workload.

(b) The employee must have been employed full time in a position requiring certification for at least 10 years of which the immediately preceding five years were full-time employment.

(c) The option of part-time employment must be exercised at the request of the employee and can be revoked only with the mutual consent of the employer and employee.

(d) The employee shall be paid a salary which is pro rata share of the salary he would be earning had he not elected to exercise the option of part-time employment but shall retain all other rights and benefits for which he makes the payments that would be required if he remained in full-time employment. The employee shall receive health benefits as provided in Section 53201 of the Government Code in the same manner as a full-time employee.

(e) The minimum part-time employment shall be the equivalent of one-half of the number of days of service required by the employee's contract of employment during his final year of service in a full-time position.

(f) This option is limited in pre-kindergarten through grade 12 to certificated employees who do not hold positions with salaries above that of a school principal.

(g) This section shall not be applicable to persons who are administrators in community colleges.

BERKELEY UNIFIED SCHOOL DISTRICT POLICY RELATING TO EDUCATION CODE 13337.7

1. The percentage of time employed shall be arrived at by mutual consent of the teacher and the district. The percentage of time must be at least 50%.
   Percentage of time will be defined as follows:
   50% = one full semester at either the secondary or elementary school.
   Or three classes, both semesters, at the secondary level.
   Or three hours both semesters at the elementary level.
   More than 50% employment shall be determined on the basis of current district work-load policy.
2. Any change in the percent of teaching time during the five-year period may be requested by either party but granted only by mutual consent.
3. Both teacher and the district will sign this Memorandum of Agreement for part-time service limited to five years.
4. The teacher will receive the same fringe benefits as any full-time teacher.
5. The teacher and the district shall pay the proportional amount needed to qualify for full-time salary credit for the STRS as for any full-time teacher.
6. Full retirement credit is not earned until the end of the full school semester or full school year. Participants who terminate prior to those concluding periods will receive retirement credit based on the salary actually paid in the proportion that it relates to the annual salary that would have been paid had the employment continued.

I hereby apply for part-time status as specified by Ed. Code 13337.7. I make application for ______________ percent time employment. I have read and agree with the provisions specified above.

DATE OF AGREEMENT: ______________ EMPLOYEE SIGNATURE __________________

POSITION __________________

PERCENT OF TIME ______________ EFFECTIVE DATE OF ASSIGNMENT ______________

Other arrangements:

TEACHER __________________ PERSONNEL DIRECTOR __________________
Berkeley Unified School District

Date __________________

24/7

2. Hayward Unified

ARTICLE XXI - EARLY RETIREMENT OPTION

The District, in providing for individuals to retire voluntarily at an earlier age, shall make available retirement opportunities for certificated non-management employees. Employee may participate in these plans at his/her option.

A. *Eligibility* — A certificated person in a non-management position shall be eligible:
   1. At attainment of age fifty-five (55) years of age.
   2. After thirteen (13) years of full-time service in the District providing the certificated person is receiving full-time salary on Columns C, D, or E of the Salary Schedule at the time of entering into the agreement with the District. A year's service is defined as 75 per cent of the teacher's work days in any year of service. Breaks in years of full-time service (for military service, child-rearing, unpaid leave, etc.) will not disqualify a certificated person from eligibility providing his full-time service in the District totals 13 years. Paid leaves will be credited toward the 13-year service requirement.

B. *Consultant Services*
   1. Persons opting for this program shall serve thirty (30) school days each year at activities or services at times mutually agreed upon between the persons in the District.
   2. The activities may vary with the individual but in general include:
      a. Demonstration teaching and tutoring.
      b. Working on staff development and in-service programs.
      c. Assisting with testing programs.
      d. Compiling test data as it relates to reading and math profiles.
      e. Orienting and providing aid to new teachers.
      f. Updating curriculum guides and other learning materials.
   3. Services and activities excluded are: substitute teaching, supervision and evaluation of certificated employees, and regular classroom instruction.

C. *Contracts*
   1. A contract with the person opting for this program shall be for a period of five (5) years or less if age is more than 55 years.
   2. On electing to participate in this program, a person may not return to the regular employment in the District.
   3. The contract shall include a statement of the compensation which should be $4,000 per year.
   4. Limitations -- No more than 5 per cent of the certificated non-management personnel shall participate in any one year. Application shall be made to the Certificated Personnel Office and Board of Education. Approval will be granted on a seniority basis.

D. *Guidance* — It shall be mandatory that each certificated non-management employee entering this program will receive an analysis of his/her status with regard to the benefits to be derived from the application of options of this program. Such analysis shall be the responsibility of the Certificated Personnel Department.

3. Long Beach Unified

TEACHERS ASSOCIATION OF LONG BEACH
April 16, 1973

EARLY RETIREMENT PROGRAM

The Retirement Committee recommends to the Board of Directors that an early retirement plan be presented to the Representative Council for adoption and that the plan be negotiated by the CEC. *The Board of Directors adopted on 4/24/73 and recommended that it be adopted by the Faculty Representative Council.*

INGREDIENTS OF THE PLAN

1. A person would be eligible for this program by serving satisfactorily in the Long Beach Unified School District for a minimum of 10 years.

2. A person must be currently earning $12,178 or more to be eligible for this program.

3. Only persons who have attained the age of 55 shall be eligible for this program.

4. Persons opting for this program shall serve a minimum of 20 days per year at activities mutually agreed to by the person and the school district. Such activities, by definition, shall be in the best interests of the district.

5. A contract with the person opting for this program shall be for a period of 5 years or to age 65 whichever comes first.

6. Persons opting for this program shall be allowed to maintain current fringe benefit programs of the district, payment for which shall be subtracted from the amount of compensation.

7. The annual compensation shall range from $3000 to $4000 according to the following schedule:

Amount Presently Earned	Early Retirement Incentive Plan
$12,178-12,706	$3000
12,707-13,234	3250
13,235-13,762	3500
13,763-14,290	3750
14,291 or over	4000

The Retirement Committee further recommends that the following pros and cons of such a plan be presented to the membership before a vote is taken in the Representative Council.

PRO:

1. District saves money by replacing high salaried teachers with beginning or lower salaried teachers.

2. Teachers are able to carry on other activities or jobs, with more security, for up to 5 years or age 65, whichever comes first.

(over)

3. Teachers able to contribute expertise to curriculum development, etc.

4. Teachers able to continue district's fringe benefits for up to 5 years.

5. Might get Social Security benefits.

6. Good for teachers whose income is a "2nd family income" and who want early retirement.

7. If a teacher feels his situation is intolerable, the plan allows an "out".

8. When enrollments decline, this allows district to hire minority teachers or to retain teachers most recently hired.

CON:

1. Erodes doctrine of a teacher's experience as being a valuable and worthwhile asset to the school district.

2. Teacher must have independent means or have many years under California STRS, as early retirement means a lesser retirement annuity, especially below age 60. No STRS benefits below age 55.

3. If too many opted for early retirement, would district be able to find suitable "20 day"/year employment for all?

4. Little protection against inflation after retirement. Broader base of later retirement hedges against inflation.

5. Continuance of program subject to whims of current Board of Education. However, contract of individual teacher under program cannot be revoked.

4. Los Gatos Joint Union High

EARLY SEPARATION AR 3190

A. Eligibility

1. The applicant must have completed ten (10) years of satisfactory service in the Los Gatos Joint Union High School District.

2. The applicant must be fifty (50) years of age but not more than sixty (60) years. [a]

3. The applicant must qualify for Step 16, Category IX, on the teachers' salary schedule.

4. An administrator may participate if there is no cost to the district.

5. A written resignation must be submitted prior to implementation of the contract.

B. Contractual Provisions

1. Participation shall be on a voluntary basis.

2. A maximum of twenty (20) days of service shall be rendered at a rate of $225 per day; the maximum annual earnings shall not exceed $4,500. [b]

3. The number of contractual days or years may be reduced at the participant's option.

4. The participant is eligible to purchase at his own expense medical and dental coverage through the district's health insurance programs.

5. In the event of serious illness, a participant may cancel the contract.

6. The method of payment will be determined by the participant.

7. Contracts shall be written for a period of five (5) years or to the age of sixty (60), whichever comes first.

[a] Fifty-five (55) years: minimum age eligible for State Teachers' Retirement System.

[b] Service shall be mutually determined by the participant and the school district.

5. Mill Valley Elementary

552.1 EARLY RETIREMENT INCENTIVE PROGRAM

A. Applicants for the program must:

1. Reach age 55 by the time they enter the program.
2. Complete a minimum of ten years satisfactory service in the Mill Valley School District immediately preceding acceptance into this program.
3. Resign from district position to enter program.
4. The annual compensation of $4,000 shall be provided in exchange for consulting services of thirty (80) days annually in accordance with the contract (see Section C below).
5. Be currently earning $12,500 or more.
6. Program is limited to five per cent of the certificated staff. Those having the greatest seniority will receive priority for entrance into the program.

B. Persons entering the program shall become independent contractors and as such are eligible to ~~pay into~~ the Social Security System and may earn credit in that retirement program. As an independent contractor individuals may also offer services to other employers.

C. A contract with persons opting for this program shall be for a period of five years or to age 65, whichever comes first. Eligibility for the program would close July 1 following the attainment by the employee of age 62.

D. Participants for this program may, by special arrangement with the district, and provided insurance companies concur, continue their participation in employee benefits, namely health and dental insurance, at the same level by making quarterly contributions to the district. Benefits shall not be furnished by the employer because of implied employment relationships which such payment would create.

E. Once elected to participate in this program, an employee may not return to regular employment in the district. Also, once an employee has entered the program, he may not drop his participation and reenter at any time in the future.

F. The annual compensation shall be $4,000.

G. The agreement between the school district and the individual applying for the early retirement incentive program shall consist of a formal contract renewable each year for the maximum five year period or until age 65. In the event candidates are unable to successfully and properly fulfill their contractual obligations as independent contractors to the district, the annual contract shall be prorated on the basis of the work performed.

Mill Valley School District
P. O. Box 313
Mill Valley, California

Consultant activities, at the option of the district, would be such activities as:

1. Demonstration teaching.
2. Working on staff development and in-service programs.
3. Helping with testing programs.
4. Orienting and providing aid to new teachers.
5. Updating curriculum guides and other learning materials.
6. Other, as deemed necessary by mutual agreement.

Adopted
5/6/74

6. Palo Alto Unified

PALO ALTO UNIFIED SCHOOL DISTRICT
Certificated Personnel Services

EARLY RETIREMENT POLICY

1. After ten years of full-time satisfactory service in the Palo Alto Unified School District and achievement of age fifty, an employee would become eligible for this program.

2. Persons opting for this program would be required to serve thirty school days each year at activities or services and times established by the district in consultation with the employee. Once an employee moves from a percentage to the R-4* phase of his option, his days of required service shall be reduced from thirty to twenty. In unusual circumstances, the Superintendent may waive the service requirement.

3. Persons opting for this program would be assured of annual renewal for the full length of the option selected or age sixty, whichever comes first. Once electing to participate in the program, an employee may not return to regular employment in the district.

4. A contract would be signed indicating the highest annual salary as well as the percentage of that salary the employee will receive for each year of the option selected which has a percentage attached to it. Once an employee has entered into the program, he may drop his participation at any time; he may not, however, change options or reenter.

5. The district will continue the same fringe benefit contributions as though the staff member were on a full-time salary.

6. No more than 5% of the certificated staff shall enter this program in any one year. Application shall be made to the Certificated Personnel Office. Approval will generally be granted on a seniority basis.

OPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
A	30%	30%	30%	30%	30%
B	30%	30%	30%	30%	R-4
C	35%	35%	35%	35%	---
D	35%	35%	35%	R-4	R-4
E	40%	40%	40%	R-4	---
F	45%	45%	R-4	R-4	---
G	50%	R-4	R-4	R-4	R-4
H	R-4	R-4	R-4	R-4	R-4

*R-4 Employee is drawing STRS benefits; these to be supplemented by a district contribution of $4,000.

7. San Rafael Elementary and High

SAN RAFAEL CITY SCHOOLS

EARLY RETIREMENT INCENTIVE PROGRAM PROPOSAL

Applicants for the program must meet the following criteria:

1. Reach age 55 by the time they enter the program.
2. Completed ten years service in the San Rafael School Districts immediately preceding acceptance for this program.
3. Agree to render 20 days consultant service to the district in a project and at a time which is mutally agreeable. (Consultants may not be used to supplant other certificated employees in instructional services to students).
4. Resign from position to enter this program.
5. Program is limited to five per cent of the certificated staff. Those who have greatest seniority will receive priority for entrance into the program.

Candidates entering the program shall become independent contractors and as such shall receive $4000 annually for their services. As an independent contractor individuals may also offer services to other employers. In this role individuals may pay into the Social Security system and increase their eligibility in that system.

Those participating may, by special arrangement, continue their participation in employee benefits, namely health and dental insurance at the same level by making quarterly contributions to the district. Benefits shall not be furnished by the employer because of the implied employment relationship which such payment would create.

Participation in the program will continue for a maxium of five years or until the individual reaches mandatory retirement age of 65, whichever comes first.

Individuals entering this program shall not return to full-time employment with the San Rafael Schools.

The agreement between the school district and the individual applying for the early retirement incentive program shall consist of a formal contract renewable each year for the maximum five year period or until age 65.

In the event candidates are unable to successfully and properly fulfill their contractual obligations as independent contractors to the district, the annual contract shall be prorated on the basis of the work performed.

BOARD POLICY

5356 Other Certificated Personnel

5356.1 Administrative Personnel Evaluation

All certificated personnel assigned to administrative responsibilities by the district superintendent will be evaluated annually.

5357 Appeal

In the event that the certificated employee does not concur with either the written evaluation or recommendation of the evaluator or both, and wishes to appeal, he shall follow the procedures outlined in the Administrative Regulations.

5361 RESIGNATION, CERTIFICATED

Any release from an employment contract during its effective period shall be contingent upon both the availability of a suitable replacement and approval of the Board of Education. (Ed. Code 13260)
(Board Policy adopted May 1, 1960)

5362 RETIREMENT, CERTIFICATED

Retirement shall be mandatory for all certificated personnel at the close of the school year (June 30) in which the employee reaches 65. Yearly exceptions shall be considered upon written petition of the employee to the Board of Education. Such petition must be received by the Secretary of the Board by March 1 of the year in which retirement is mandatory.
(Board Policy adopted December 14, 1965)

→ 5362.1 Early Retirement Incentive Program

Certificated employees who have reached age 55 years and who have rendered at least ten years of service in the San Rafael Schools shall be permitted to participate in an early retirement incentive program upon resignation from their position with the school system.

A maximum of five per cent of the total certificated staff may enter the retirement incentive program in any year.

An annual stipend of $4,000 shall be provided by the school district in exchange for consultant services of not less than 20 days annually. The nature and duration of the consultancy shall be mutually planned and agreed upon by the participating consultant and the Superintendent.

Participants shall have access to the group health and dental insurance by paying to the District the premium cost.

The consultant arrangement shall be renewed annually upon the application of the participant in writing addressed to the Secretary of the Board of Education no later than June 15. The maximum period for which this agreement shall remain in force is five years or until age 65 whichever comes first.
(Board Policy adopted March 12, 1974)

AGREEMENT

CONTRACT NO. ____________

THIS AGREEMENT, made and entered into this ______________________________ ______, by and between the SAN RAFAEL ELEMENTARY AND HIGH SCHOOL DISTRICT, of Marin County, California hereinafter referred to as the District, and ________ ____, hereinafter referred to as the Consultant,

WITNESSETH:

WHEREAS, it is the desire of the governing board of the SAN RAFAEL ELEMENTARY AND HIGH SCHOOL DISTRICT to employ a professionally trained consultant, ____ ____, and

WHEREAS, such service will assist the governing board in discharging its legal obligation to provide an adequate educational program and will supplement assistance by the State and County authorities and not replace such assistance;

WHEREAS, Consultant is especially trained, experienced and competent to perform such services.

NOW, THEREFORE, in consideration of the mutual promises of the parties hereto, the District hereby retains the Consultant upon the terms and conditions hereinafter set forth, and the Consultant hereby accepts said retention and agrees to perform the services hereinafter mentioned, upon said terms and conditions.

TERM OF THE AGREEMENT:

The terms of this agreement shall be renewable on an annual basis for a period of not to exceed ______ years, commencing __________________ 19 ____ and terminating __________________, 19 ____.

SERVICES TO BE RENDERED BY THE CONSULTANT:

The Consultant will ____

____

____

Said services shall be rendered for 20 days during each year of this contract.

PAYMENTS TO BE MADE BY THE DISTRICT:

In consideration of the services to be rendered, the District agrees to pay the Consultant the sum of ______________________.

Upon the completion of service, Consultant shall submit to district in quadruplicate, an invoice stating the number of days worked by Consultant and the services performed This invoice shall be signed by the supervising administrator and sent to the Personnel Office. Payment shall be made to Consultant by District within 20 days following the receipt of the invoice.

The Consultant shall assume all expenses including but not limited to travel expenses incurred by him in connection with the performance of this agreement.

The Consultant shall provide workmen's compensation insurance or self-insure his services. He shall also indemnify and hold harmless the District and all officers and agents thereof from all damages, costs or expenses in law or equity that may at any time arise or be set up because of injuries to persons or property including District's personnel and property arising by reason of, or in the course of, the performance of this contract, and the Consultant, at his own expense, cost and risk, shall defend any and all actions, suits or other legal proceedings that may be brought or instituted against the District or officers or agents thereof on any claim or demand, and pay or satisfy any judgment that may be rendered against the District or officers or agents thereof in any such action, suit or legal proceeding.

While engaged in carrying out and complying with the convenants and conditions of this agreement, the Consultant is an independent contractor, and not an officer, agent, or employee of the District.

ACKNOWLEDGMENT

Consultant elects to (not to) continue ________________________ health insurance policy, ____________ (quarterly amount), and dental insurance policy, ______________(quarterly amount), previously held by him and will forward to the Personnel Office the amount necessary to continue said policy on a quarterly basis.

IN WITNESS THEREOF, the parties hereto have set their hands on the day and in the month and year first above written.

SAN RAFAEL ELEMENTARY AND HIGH SCHOOL
DISTRICT OF MARIN COUNTY

BY SAN RAFAEL CITY BOARD OF EDUCATION

____ By ________________________________
Consultant President

Date: ____ By ________________________________

Address:

____

APPENDIX I

Survey Form and Results from Eight Selected School Districts (January 31, 1975)

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District ____

A. D. A. of District (Excluding Summer School)	1971-72	__________
	1972-73	__________
	1973-74	__________
Estimated A. D. A. of District (Excluding Summer School)	1974-75	__________
	1975-76	__________
	1976-77	__________
Present Pupil/Teacher Ratio		__________
Number of Teachers that have retired or resigned from your district	1971-72	__________
	1972-73	__________
	1973-74	__________
	1974-75	__________ (estimated)

201 TAMAL VISTA BOULEVARD ○ CORTE MADERA ○ CALIFORNIA ○ 94925 ○ Phone: 924-2500 Area Code 415

Number of Teachers separated from your district under reduction in force procedures	1971-72	________
	1972-73	________
	1973-74	________
	1974-75	________ (estimated)
Number of Teachers on present staff		________
Present estimate of staff reductions necessary over next 3 years	1975-76	________
	1976-77	________
	1977-78	________
Are you planning a Revenue Limit Increase election?	1974-75	________
	1975-76	________
	1976-77	________

Please list Health Benefits provided in your district.

The number of Teachers on your staff between the ages of 50 and 55 ________

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

Name and address of Teacher Association president

____

____

____

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District **FAIRFAX SCHOOL DISTRICT**

A. D. A. of District (Excluding Summer School)	[illegible]. 41	1971-72	1,025
	980. 32	1972-73	948
	951. 27	1973-74	924
Estimated A. D. A. of District (Excluding Summer School)	9[illegible]. 21	1974-75	863
		1975-76	850
		1976-77	840
Present Pupil/Teacher Ratio **(includes special teachers)**			20.5
Number of Teachers that have retired or resigned from your district		1971-72	1
		1972-73	3
		1973-74	2
		1974-75	2 (estimated)

Number of Teachers separated from your district under reduction in force procedures

1971-72	-0-
1972-73	-0-
1973-74	-0-
1974-75	-0-- (estimated)

Number of Teachers on present staff 43

Present estimate of staff reductions necessary over next 3 years

1975-76	4
1976-77	1
1977-78	1

Are you planning a Revenue Limit Increase election?

1974-75	yes
1975-76	yes
1976-77	yes

Please list Health Benefits provided in your district.

Employee only: Health and Dental

The number of Teachers on your staff between the ages of 50 and 55 6

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

As of 1974-75

A	57	21	17,626
B	60	38	17,928
C	61	24	16,697.
D	56	11	16,707
E	65	15	15,032

B & E will retire as of 6/30/75

Name and address of Teacher Association president

Geraldine Zlataroff

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

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MARIN COUNTY
SUPT OF SCHOOLS
FEB 4 1 37 PM '75

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District Kentfield

A. D. A. of District (Excluding Summer School)	1971-72	1282
	1972-73	1262
	1973-74	1243
Estimated A. D. A. of District (Excluding Summer School)	1974-75	1230
	1975-76	1220
	1976-77	1205
Present Pupil/Teacher Ratio		23.2
Number of Teachers that have retired or resigned from your district	1971-72	3
	1972-73	6
	1973-74	4
	1974-75	2 (estimated)

Number of Teachers separated from your district under reduction in force procedures	1971-72	0
	1972-73	0
	1973-74	0
	1974-75	2 (estimated)

Number of Teachers on present staff 54 + 19½ Other certification

Present estimate of staff reductions necessary over next 3 years	1975-76	2
	1976-77	0
	1977-78	2

Are you planning a Revenue Limit Increase election?	1974-75	no
	1975-76	yes
	1976-77	no

Please list Health Benefits provided in your district.

Blue Cross or Kaiser plan CDS for employee only

The number of Teachers on your staff between the ages of 50 and 55 7

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

55 years — 3 @ $17,750
15-9-7 years in district
56 years — 4 @ $17,750
14-16-25-9 years in district
57 years — 1 @ $17,750
10 years in district
58 years — 1 @ $16,675
5 years in dist
63 years — 1 @ $17,750
30 years in dist.
64 years — 2 @ $17,750
14-19 years in dist

Name and address of Teacher Association president

Donna Doran
9 Bennett Ave
San Anselmo, CA 94960

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

RECEIVED
MARIN COUNTY
SUP'T OF SCHOOLS
FEB 5 9 50 AM '75

January 31, 1975

RECEIVED
FEB 3 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District Reed Union

A. D. A. of District (Excluding Summer School)	1971-72	1963
	1972-73	1871
	1973-74	1835
Estimated A. D. A. of District (Excluding Summer School)	1974-75	1829
	1975-76	1815
	1976-77	1790
Present Pupil/Teacher Ratio		22.8 to 1
Number of Teachers that have retired or resigned from your district	1971-72	-0-
	1972-73	1
	1973-74	4
	1974-75	1 (estimated)

201 TAMAL VISTA BOULEVARD ○ CORTE MADERA ○ CALIFORNIA ○ 94925 ○ Phone 924 9500 Area Code 415

Number of Teachers separated from your district under reduction in force procedures	1971-72	0
	1972-73	0
	1973-74	0
	1974-75	1
		(estimated)
Number of Teachers on present staff		97
Present estimate of staff reductions necessary over next 3 years	1975-76	5
	1976-77	1
	1977-78	3
Are you planning a Revenue Limit Increase election?	1974-75	Yes
	1975-76	?
	1976-77	?

Please list Health Benefits provided in your district.

$57.97 /MONTH TO BE USED AT EMPLOYEES DISCRETION EXCEPT THAT $7.97 MUST BE FOR EMPLOYEE DENTAL PLA

The number of Teachers on your staff between the ages of 50 and 55 10

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

A: 56	17,178.00	5 yrs. 6 mos.
B: 58	17,554.00	8 yrs 5 mos
C: 61	16,361.00	9 yrs 5 mos
D: 58	15,761.00	7 yrs 5 mos
E: 58	17,742.00	19 yrs 5 mos
F: 65	17,742.00	17 yrs 5 mos
G: 60	17,742.00	17 yrs 5 mos
H: 57	16,603.00	23 yrs 6 mos
I: 63	17,554.00	14 yrs 5 mos
J: 57	17,742.00	23 yrs 5 mos
K: 59	17,742.00	17 yrs 5 mos

Name and address of Teacher Association president

Mr. Newell Mc Mullen, President
Reed District Teachers' Association
1155 Tiburon Boulevard
Belvedere - Tiburon, Calif. 94920

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

RECEIVE
MARIN COUN
FEB 11 '75

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District Ross

A. D. A. of District (Excluding Summer School)	1971-72	472.62
	1972-73	505.66
	1973-74	491.58
Estimated A. D. A. of District (Excluding Summer School)	1974-75	480
	1975-76	450
	1976-77	431
Present Pupil/Teacher Ratio		
Number of Teachers that have retired or resigned from your district	1971-72	
	1972-73	1
	1973-74	1
	1974-75	1 (estimated)

201 TAMAL VISTA BOULEVARD ○ CORTE MADERA ○ CALIFORNIA ○ 94925 ○ Phone 924-9500 Area Code 415

Number of Teachers separated from your district under reduction in force procedures	1971-72	0
	1972-73	0
	1973-74	0
	1974-75	? (estimated)
Number of Teachers on present staff		30
Present estimate of staff reductions necessary over next 3 years	1975-76	0 (attrition)
	1976-77	0 "
	1977-78	0 "
Are you planning a Revenue Limit Increase election?	1974-75	no
	1975-76	?
	1976-77	?

Please list Health Benefits provided in your district.

Blue Cross or Kaiser)
) Employees only
California Dental Service)

The number of Teachers on your staff between the ages of 50 and 55	0

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

		SALARY
Gumz	A	$18,849
Droge	B	18,640
Bruce	C	18,126
Miller	D	17,312

Name and address of Teacher Association president

C. Reinert

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

RECEIVED
MARIN COUNTY
SUPT OF SCHOOLS
FEB 10 1 44 PM '75

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District San Anselmo School District

A. D. A. of District (Excluding Summer School)	1971-72	1938
	1972-73	1783
	1973-74	1776
Estimated A. D. A. of District (Excluding Summer School)	1974-75	1682
	1975-76	1634
	1976-77	1602
Present Pupil/Teacher Ratio		25:1
Number of Teachers that have retired or resigned from your district	1971-72	Unknown
	1972-73	6
	1973-74	3
	1974-75	1 (estimated)

Number of Teachers separated from your district under reduction in force procedures

1971-72	4½
1972-73	1
1973-74	0
1974-75	3
	(estimated)

Number of Teachers on present staff 101.575
(67½ classroom; 20.075 other; 7 on leave; 7 administrators)

Present estimate of staff reductions necessary over next 3 years

1975-76	3
1976-77	1
1977-78	1

Are you planning a Revenue Limit Increase election?

1974-75	Yes
1975-76	Yes
1976-77	Yes, unless more state funds come thru.

Please list Health Benefits provided in your district.

	Dist Pays
Kaiser/Blue Cross	$20.33
Calif. Dental	7.90
Occidental Income Protection	6.30
	$34.53

Also, employee may enroll in
Occidental Group Life
I.N.A.
at own expense

The number of Teachers on your staff between the ages of 50 and 55 12

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

A	$23,144	7 years
B	$18,578	15 years
C	$18,037	11 years
D	$16,242	5 years
E	$19,738	24 years
F	$19,738	20 years

Name and address of Teacher Association president

Wayne Alves
P.O. Box 922
San Anselmo, CA 94960

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

RECEIVED
MARIN COUNTY
SUPT OF SCHOOLS
FEB 4 1 37 PM '75

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District Sausalito

A. D. A. of District (Excluding Summer School)	1971-72	482
	1972-73	547
	1973-74	543
Estimated A. D. A. of District (Excluding Summer School)	1974-75	493
	1975-76	501
	1976-77	511
Present Pupil/Teacher Ratio		20.88
Number of Teachers that have retired or resigned from your district	1971-72	3
	1972-73	3
	1973-74	8
	1974-75	2? (estimated)

Number of Teachers separated from your district under reduction in force procedures	1971-72	-0-
	1972-73	-0-
	1973-74	-0-
	1974-75	-0- (estimated)

Number of Teachers on present staff 36

Present estimate of staff reductions necessary over next 3 years	1975-76	-0-
	1976-77	?
	1977-78	?

Are you planning a Revenue Limit Increase election?	1974-75	NO
	1975-76	NO
	1976-77	NO

Please list Health Benefits provided in your district.

BLUE CROSS - KAISER - DENTAL PLAN
DISTRICT PAYS FOR THE EMPLOYEE

The number of Teachers on your staff between the ages of 50 and 55 8

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

Name and address of Teacher Association president

MR. KENT KINCAID
3700 CALIFORNIA STREET
SAN FRANCISCO, CA. 94119

A. (3/5)	$11,148	3½	years
B.	19,441	30	"
C.	18,468	9	"
D. (2/5)	5,886	3	"
E.	18,468	8	"
F.	18,468	10	"
G. (E.H)	14,714	1	"
H.	19,117	24	"

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

RECEIVED
MARIN COUNTY
SUPT OF SCHOOLS
FEB 11 9 27 AM '75

January 31, 1975

MEMORANDUM

TO: District Superintendents

FROM: Byron W. Mauzy

SUBJECT: Early Retirement Incentive Programs

Nova University has approved my Maxi II Practicum proposal which relates to Early Retirement Incentive Programs. If you feel your Board and staff would be interested in reviewing this potential alternative to staff reductions, please assist me by providing the following information:

Name of District SHORELINE UNIFIED SCHOOL DISTRICT

A. D. A. of District (Excluding Summer School)	1971-72	893
	1972-73	850
	1973-74	817
Estimated A. D. A. of District (Excluding Summer School)	1974-75	840
	1975-76	838
	1976-77	835
Present Pupil/Teacher Ratio		16.3/1
Number of Teachers that have retired or resigned from your district	1971-72	4
	1972-73	5
	1973-74	2
	1974-75	2 (estimated)

201 TAMAL VISTA BOULEVARD ○ CORTE MADERA ○ CALIFORNIA ○ 94925 ○ Phone 924 9500 Area Code 415

Number of Teachers separated from your district under reduction in force procedures

1971-72	0
1972-73	0
1973-74	0
1974-75	0
	(estimated)

Number of Teachers on present staff 54

(Includes Librarian & Counselor)

Present estimate of staff reductions necessary over next 3 years

1975-76	
1976-77	
1977-78	

Are you planning a Revenue Limit Increase election?

1974-75	No
1975-76	?
1976-77	?

Please list Health Benefits provided in your district.

Blue Cross or Kaiser
California Dental Service
Paid Prescription
California Vision Service

The number of Teachers on your staff between the ages of 50 and 55 9

Please provide a listing of certificated staff between the ages of 55 and 65, their present salary and the number of years they have been in the district. (Do not provide names, list as certificated staff members A, B, C, etc.)

A.	$15,054	5
B.	$15,651	20
C.	$13,686	6
D.	$16,293	15
E.	$16,493	13
F.	$13,686	7
G.	$19,551	7

Name and address of Teacher Association president

Charles Rivers
Tomales High School
P.O. Box 198, Tomales, CA 94971

APPENDIX J

Agreement, Educational Consultant Service,
Marin County (June 10, 1975)

CERTIFICATED PERSONNEL

Early Retirement Incentive Program

The Early Retirement Incentive Program Plan is effective July 1, 1975. The following are the specific components of the program:

Participants must apply to the Superintendent/Governing Board for admission to the program.

Participants must have served satisfactorily with the County Schools Office for a minimum of five (5) years.

Participants must have attained the age of fifty-five.

Participants opting for this program shall receive a one-year contract renewable annually for a period up to five years or age sixty-five, whichever comes first. Renewal is subject to satisfactory performance of the assigned activity and must be approved by the Superintendent/Governing Board.

Participants selecting this plan shall serve a period of twenty (20) days per school year at activities mutually agreed to by the participant and the Superintendent/Governing Board.

Participants annual compensation for the twenty (20) day service period shall be $4,000 plus a dollar amount equal to health benefits currently provided the certificated staff by the Superintendent/Governing Board.

Participants considering this plan are required to attend a counseling session designed to thoroughly review the financial ramifications of this program.

Participants must submit a written resignation and have it accepted by the Superintendent/Governing Board prior to implementation of an Early Retirement Incentive Program contract.

The Agreement for Educational Consultant Services is expressly made a part of Policy No. 4184.

6/10/75
Approved by
County Board of Education

AGREEMENT
EDUCATIONAL CONSULTANT SERVICES

1. PARTIES AND DATE. Effective ______________________, 197__, the Marin County Board of Education and the Marin County Superintendent of Schools, of Corte Madera, California (hereinafter "County Schools Office") and ______________________________________ (hereinafter "Consultant") mutually promise and agree as follows:

2. PURPOSE. The County Schools Office desires to obtain the services of an educational consultant to supplement, and not replace, assistance from the State and County in discharging its legal obligation to provide an adequate educational program. The Consultant is specially trained, experienced and competent to perform such services.

3. SERVICES OF CONSULTANT. The Consultant shall render the following educational consulting services to the County Schools Office, as more fully set forth in Exhibit A attached hereto and incorporated herein:

____

____

____

4. TERM. The terms of this agreement shall be renewable on an annual basis for a period of not to exceed ______ years, commencing _____________, 197__, and terminating _________________, 197__.

5. DAYS OF SERVICE. The Consultant shall render _______ days of consulting services during the 19__/__ school year. Days of service to be rendered in following school years shall be established prior to the start of each school year during the term of this agreement.

6. PAYMENT. For services hereunder, the County Schools Office shall pay the Consultant at the daily rate of two hundred dollars ($200.00) plus a dollar amount equal to the health and dental insurance coverage as per Section 13.

7. TIME OF PAYMENT. At the expiration of any month during which services are rendered under this contract, the Consultant shall submit to the County School Office, in quadruplicate, an invoice stating the number of days worked by the Consultant and the services performed during that period. This invoice shall be signed by the supervising administrator and sent to the Business Office within fifteen (15) days after completion of these services. Payment shall be made to Consultant within forty-five (45) days following receipt of each invoice. Other payment arrangements may be made if mutually agreed to in writing by the Consultant and the County Schools Office.

8. **EXPENSES.** The Consultant shall be responsible for all expenses incurred in the performance of services hereunder, except expenses specifically required and approved by the County Schools Office.

9. **FAILURE TO PERFORM.** If in the opinion of the County Schools Office, the Consultant at any time fails, refuses or neglects to completely perform any of the arranged duties under this agreement, it shall constitute a breach of the entire agreement and the County Schools Office may terminate this agreement and the Consultant shall return to the County Schools Office any monies advanced for the unrendered services.

10. **TERMINATION BY CONSULTANT.** Notwithstanding the term of years specified in paragraph 4 herein, Consultant shall have the right to terminate in writing this employment agreement at the end of any of the said school years specified herein. Upon such election and acceptance by the Superintendent/Governing Board, both parties shall be free from any further obligation hereunder.

11. **MODIFICATION.** The terms of this agreement may be modified or amended only upon mutual agreement of the parties in writing.

12. **HOLD HARMLESS.** The Consultant shall defend, hold harmless, and indemnify the County Schools Office, its officers, agents and employees from all liabilities and claims for damages for death, sickness or injury to persons or property, including without limitation on all consequential damages, from any cause whatsoever arising from or connected with the services hereunder, whether or not resulting from his negligence.

13. **HEALTH, DENTAL, AND VISION COVERAGE.** The County Schools Office will provide a dollar amount equal to the current contribution for health, dental, and vision insurance coverage for regular employees on the basis as existed upon Consultant's resignation from full-time employment by the County Schools Office, regardless of subsequent change of rates.

14. **INDEPENDENT CONTRACTOR STATUS.** This agreement is by and between two independent contractors and is not intended to and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association.

15. **NONASSIGNABLE.** The Consultant shall not assign this agreement, or monies due or to become due hereunder, without the County Schools Office prior written consent.

16. **APPLICABLE LAWS.** This agreement is subject to the applicable laws and regulations of the State of California, the lawful rules and regulations of the California State Board of Education, and the rules and regulations of the County Schools Office. Such statutes, rules and regulations are hereby made a part of the terms and conditions of this agreement as though expressly set forth herein.

17. VOLUNTARY ELECTION. Consultant has elected to enter the Early Retirement Incentive Program offered by the County Schools Office, and has qualified for such program under the requirements established by the County Schools Office.

By: ______________________________
President, Marin County Board of Education

____
Consultant

____
Street Address

____
City Zip Code

By: ______________________________
Marin County Superintendent of Schools

APPENDIX K

Retirement Analysis
Palo Alto Unified School District

PALO ALTO UNIFIED SCHOOL DISTRICT

Certificated Personnel Services

PRE-RETIREMENT EMPLOYMENT PROGRAM

On March 20, 1973 the Board of Education of the Palo Alto Unified School District approved a program of pre-retirement employment for a one-year period. In February of 1974 the Board renewed the program for an additional year. The program, as approved, has two dimensions: a percentage dimension and a R-4 dimension. Staff members who choose to participate in the percentage phase choose not to enter the state retirement system as yet. Consequently, they are viewed and treated as part-time employees who continue contributions to STRS and receive service credit. They continue on the district payroll as part-time employees. Those who enter the R-4 phase elect to begin drawing STRS monthly benefits. They no longer are regular employees of the district. The maximum allowable earnings for a retired employee is $4,000.

In addition to the two options, the district maintains the same fringe benefits while the employee participates in the program.

As preparation for entry into the program, the Palo Alto Unified School District has encouraged employees, at no cost ($5.00 to the district) to take advantage of a retirement analysis. This analysis was developed by a computer firm to help the employee visualize his financial status during the next 20 or 25 years.

Enclosed is a description of the pre-retirement program, a copy of the employment agreement, a copy of the employee's planned worksheet and a sample of the retirement analysis form and output.

PALO ALTO UNIFIED SCHOOL DISTRICT

Certificated Personnel Services

PRE-RETIREMENT EMPLOYMENT PROGRAM

After ten years of full-time satisfactory service in the Palo Alto Unified School District and achievement of age fifty, an employee would become eligible for this program.

1. Persons opting for this program would be required to serve thirty school days each year at activities or services and times established by the district in consultation with the employee. Once an employee moves from a percentage to the R-4* phase of his option, his days of required service shall be reduced from thirty to twenty. In unusual circumstances, the Superintendent may waive the service requirement.

2. Persons opting for this program would be assured of annual renewal for the full length of the option selected or age sixty-five, whichever comes first. Once electing to participate in the program, an employee may not return to regular employment in the district.

3. A contract would be signed indicating the highest annual salary as well as the percentage of that salary the employee will receive for each year of the option selected which has a percentage attached to it. Once an employee has entered into the program, he may drop his participation at any time; he may not, however, change options or reenter.

4. An employee who participates in a percentage phase of the program shall contribute to the State Teachers' Retirement System and receive proportionate service credit. The district also makes contributions to the State Teachers' Retirement System. Employees on the R-4 phase do not continue contributions into the State Teachers' Retirement System.

5. The district will continue the same fringe benefit contributions as though the staff member were on a full-time salary.

6. No more than 5% of the certificated staff shall enter this program in any one year. Application shall be made to the Certificated Personnel Office. Approval will generally be granted on a seniority basis.

OPTIONS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
A	30%	30%	30%	30%	30%
B	30%	30%	30%	30%	R-4
C	35%	35%	35%	35%	--
D	35%	35%	35%	R-4	R-4
E	40%	40%	40%	R-4	--
F	45%	45%	R-4	R-4	--
G	50%	R-4	R-4	R-4	R-4
H	R-4	R-4	R-4	R-4	R-4

---

*R-4 Employee is drawing STRS benefits; these to be supplemented by district contribution of $4,000.

RETIREMENT ANALYSIS

(MAILING ADDRESS IF OTHER THAN RESPONDENT)

(PLEASE PRINT)

NAME ______________________________

ADDRESS ______________________________

CITY/STATE   ZIP

ANNUAL RETIREMENT INCOME DESIRED BY TODAY'S STANDARD: $

YOUR ESTIMATE OF LONG-RANGE INFLATION TREND: (xx.xx%) %

NET RETURN EXPECTED ON INVESTMENT: (xx.xx%) ______ . ______ %

HUSBAND'S AGE TO RETIRE: ______.

RETIREMENT WILL CONTINUE THROUGH HUSBAND'S AGE 90 UNLESS AN EARLIER AGE IS SPECIFIED:

BIRTH YEAR OF HUSBAND: ______ BIRTH YEAR OF WIFE: ______ .

(SOCIAL SECURITY BENEFITS ARE APPROXIMATED BASED ON BIRTH YEARS GIVEN.)

AN ESTIMATED ANNUAL SOCIAL SECURITY BENEFIT INCREASE OF 2.3% WILL BE APPLIED TO SOCIAL SECURITY UNLESS YOU SUGGEST A DIFFERENT PERCENTAGE BE USED. ______ % IS PREFERRED (x.x%)

IF YOU ARE NOT ENTITLED TO SOCIAL SECURITY, PLACE AN X ON THIS LINE: ______

REDUCE RETIREMENT LIVING STANDARD BY ______ % at age ______ , ______ % at age ______ , ______ %at age ______.

IF YOU WOULD EARN A SALARY OR WAGE DURING RETIREMENT ENTER ESTIMATE OF ANNUAL STARTING AMOUNT (By today's standard), AND YOUR AGE WHEN IT WOULD START AND AGE IT WOULD END. (The amount given will be inflated for each year according to your inflation estimate.)

ANNUAL AMOUNT $ ______ AGE TO START ______ AGE TO END ______

IF YOU EXPECT OTHER INCOME OF A VARIABLE NATURE (SUBJECT TO INFLATION), ENTER THE AMOUNT (BY TODAY'S STANDARD), YOUR AGE IT IS TO START, AND AGE IT IS TO END.

ANNUAL AMOUNT $ ______ AGE TO START ______ AGE TO END ______

IF YOU ANTICIPATE A SIGNIFICANT SUM OF MONEY BEING AVAILABLE AT TIME OF RETIREMENT TO AUGMENT YOUR RETIREMENT PROGRAM (CASH VALUES OF CERTAIN INSURANCE POLICIES, PROCEEDS FROM SALE OF BUSINESS OR PROPERTY, ETC.), ENTER THE AMOUNT: $ ______.

OPTIONS: IF THE AMOUNT ENTERED IS A CURRENT VALUE AND WOULD BE EXPECTED TO GROW AT ABOUT THE RATE OF INFLATION, CHECK HERE ____. IF IT IS EXPECTED TO GROW AT THE RATE OF RETURN ON INVESTMENT, CHECK HERE ____.

IF YOU FORESEE OTHER INCOME OF A FIXED NATURE (annuity, pension, note payments, rental income, sale of property, etc.), ENTER THE ANNUAL AMOUNTS, YOUR AGE WHEN THE INCOME WOULD START AND AGE IT WOULD END.

AMT. $ ______ START ______ END ______ AMT. $ ______ START ______ END ______.

AMT. $ ______ START ______ END ______ AMT. $ ______ START ______ END ______.

AMT. $ ______ START ______ END ______ AMT. $ ______ START ______ END ______.

IF YOU FORESEE EXTRAORDINARY CASH REQUIREMENTS OCCURRING, SUCH AS THE PURCHASE OF CARS OR PROPERTY, ENTER THE AMOUNT(S) AND YOUR AGE(S) WHEN THEY ARE ANTICIPATED. (The amounts entered are to be by today's standards. They will be inflated by the system.)

AMT. $ ______ AGE ______ AMT.$ ______ AGE ______ AMT.$ ______ AGE ______

AMT.$ ______ AGE ______ AMT.$ ______ AGE ______ AMT.$ ______ AGE ______

AMT.$ ______ AGE ______ AMT.$ ______ AGE ______ AMT.$ ______ AGE ______

COMMENTS:

R

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PALO ALTO UNIFIED SCHOOL DISTRICT
PRE-RETIREMENT PROGRAM
1973-74

PRE-RETIREE	ROLE	PRE-RETIREMENT ALLOWANCE AND BENEFIT COSTS	REGULAR SALARY PLACEMENT AND BENEFIT COSTS	REPLACEMENT	SALARY OF REPLACEMENT AND BENEFIT COSTS
1	Counselor/Paly	$ 9,029 + $ 848	$ 21,070 + $ 1,329	1	$ 13,916 + $ 1,001
2	Nurse	4,000 + 561	19,365 + 1,335	2	9,455 + 882
3	Teacher/Garland	9,220 + 926	18,440 + 1,294	3	12,055 + 999
4	Teacher/Loma Vista	6,454 + 819	19,365 + 1,335	4	11,770 + 989
5	Teacher/El Carmelo	8,298 + 893	19,365 + 1,335	5	12,025 + 999
6	Coordinator/Hearing	4,000 + 530	27,295 + 1,622	6	14,835 + 1,130
7	Teacher/Paly	9,334 + 940	19,835 + 1,360	7	9,455 + 788
8	Edu. Handicapped	9,220 + 930	19,835 + 1,354	8	10,190 + 917
9	Teacher/El Carmelo	4,000 + 551	18,420 + 1,288	9	9,455 + 788
10	Teacher/Paly	4,810 + 744	17,140 + 1,237	10	16,385 + 1,113
11	Psychologist	11,055 + 1,037	23,695 + 1,543	11	16,091 + 1,106
12	Speech Clinician	6,174 + 808	18,995 + 1,321	12	9,690 + 892
13	Teacher/Garland	8,399 + 902	19,600 + 1,350	13	9,455 + 882
14	Audiometrist	4,000 + 556	12,055 + 1,048	14	3,500 + none
15	Teacher/Paly	6,860 + 811	20,070 + 1,340	15	10,975 + 825
16	Teacher/Paly	9,332 + 934	20,070 + 1,363	16	12,565 + 922
17	Teacher/Fairmeadow	9,220 + 935	19,365 + 1,341	17	13,065 + 1,051
18	Teacher/Garland	4,000 + 566	19,365 + 1,341	18	14,445 + 1,114
19	Teacher/Loma Vista	4,582 + 726	17,140 + 1,228	19	9,585 + 798
20	Teacher/Greendell	4,957 + 750	19,125 + 1,317	20	10,475 + 928
		$136,944 $15,767	$389,610 $26,681		$229,387 $18,124
		COLUMN I	COLUMN II		COLUMN III

Note: Column II ($416,291) minus Sum of Column I ($152,711) and Column III ($247,511) = $16,069

DATE OF BIRTH:(YEAR) ESTIMATED INFLATION RATE 03.50% RETIREMENT INCOME DESIRED: $10500

HUSBAND 1927 RETURN ON INVESTMENT EXPECTED 05.25%

WIFE 1928 REDUCE LIVING STANDARD BY 10% AT AGE 70, 08% AT AGE 80.

AGE TO RETIRE 60

```
                              *******************************
                              * EMPLOYEE IDENTIFICATION     *
RETIREMENT ANALYSIS FOR ******* OF ANY SORT.                *
                              *                             *
                              *******************************
```

RETIRED YEARS	OTHER CASH NEEDED (INFLATED)	RETIREMENT INCOME NEEDED (INFLATED)	ESTIMATED SOC. SEC. BENEFIT (2.3% INFL)	OTHER INCOME (FIXED)	WAGES INCOME (INFLATED)	OTHER VARIABLE INCOME (INFLATED)	AMOUNT TO WITHDRAW FROM INVESTMENT	INVESTED PRINCIPAL	INTEREST EARNED	HUSBANDS AGE
1987		16996		4000		6475	6521	6521		60
1988		17591		4000		6701	6890	6545	344	61
1989		18207		4000	6069	6935	1202	1035	117	62
1990		18844	1662	4000	6281	7179	278CR	238CR		63
1991		19504	1700	4000	6501	7430	127CR	103CR		64
1992		20187	1739	4000	6729	7690	29	22	7	65
1993		20894	2372	4000	6964	7959	401CR	295CR		66
1994		21625	2426	4000	7208	8233	247CR	173CR		67
1995		22382	2482	4000	7460	8526	86CR	57CR		68
1996		23165	2539	4000	7721	8824	81	51	30	69
1997		21578 -10%	2597	4000	7992	9133	2144CR	1235CR		70
1998		22333	7971	4000		9453	909	518	391	71
1999		23115	8156	4000		9784	1175	636	539	72
2000		23924	8345	4000		10125	1453	747	705	73
2001		24761	8539	4000		10481	1741	850	891	74
2002		25628	9738	4000		10843	2042	948	1094	75
2003		26525	8941	4000		11227	2357	1039	1318	76
2004		27453	9148	4000		11620	2685	1125	1560	77
2005		28414	9361	4000		12027	3026	1204	1822	78
2006		29408	9577	4000		12448	3383	1279	2104	79
2007		28002 -08%	9798	4000		12883	1321	475	846	80
2008		28982	10024	4000		13334	1624	554	1070	81
2009		29996	10254	4000		13801	1941	629	1312	82
2010		31046	10488	4000		14284	2274	701	1573	83
2011		32133	10728	4000		14784	2621	767	1854	84
2012		33258	10975	4000		15301	2982	830	2152	85
2013		34422	11227	4000		15837	3358	888	2470	86
2014		35627	11485	4000		16391	3751	942	2809	87
2015		36874	11751	4000		16965	4158	992	3166	88
2016		38165	12022	4000		17559	4594	1039	3545	89
2017		39501	12297	4000		18173	5031	1084	3947	90

TOTAL INVESTMENT REQUIRED AT TIME OF RETIREMENT	$29,321
LESS OTHER CASH AVAILABLE FOR INVESTMENT	30,707
NET NEED FOR RETIREMENT PROGRAM	1,386CR

APPENDIX L

Implementation Procedures for A. B. 3339
(January 2, 1975)

ATE OF CALIFORNIA RONALD REAGAN, Governor

TATE TEACHERS' RETIREMENT SYSTEM
6 NINTH STREET, ROOM 616
CRAMENTO 95814

January 2, 1975

TO: All County Superintendents of Schools and Employing Agencies

FROM: Michael N. Thome, Chief Executive Officer

SUBJECT: STRS ADMINISTRATIVE DIRECTIVE 75-1
Full Retirement Credit for Reduced Teaching Service

PURPOSE

To inform all employers of the documentation, reporting and remitting requirements for STRS members whose workload has been reduced as provided in Sections 13337.7 and 14009 of the Education Code.

SCOPE

This applies to all School District Governing Boards and Trustees of the California State University and Colleges.

POLICY

Assembly Bill No. 3339, Brown, (Chapter 1367, Statutes of 1974) became effective January 1, 1975. This legislation adds Sections 13337.7 and 14009 to the Education Code and Sections 24215 and 20815 to the Government Code.

It permits School District Governing Boards and Trustees of the California State University and Colleges to establish rules and regulations which allow certificated and academic employees to reduce their workload from full-time to part-time duties. It also permits members of the State Teachers' Retirement System who reduce their workload to part-time to have retirement benefits based on full-time employment if the employee and the employer both elect to make contributions that would be required if employment had continued to be full-time. The part-time status is limited to a period of five years.

Only service starting with the school year July 1, 1975, is eligible under the program. The agreement or contract for reduced service must be executed by the member and employer, in writing, prior to the beginning of any school year or school term.

Full retirement credit is not earned until the end of the full school term or full school year. Members who terminate before the end of the school term or the school year will receive retirement credit based on the salary actually paid in the proportion that it relates to the annual salary that would have been paid had the employment continued. Retirement contributions for service not actually performed will be returned to the member and the employer.

If the Governing Board established regulations as provided by the legislation, members will receive full retirement benefits for such part-time service providing certain conditions exist and the retirement contributions are paid.

To participate in the program:

a. The member must have reached age 55 before the beginning of the school year or term in which the reduction in workload starts.

b. The member must have been employed full-time in a position requiring certification for at least 10 years. The member must have been employed in a full-time position requiring certification for each of the five years immediately preceding entrance into part-time employment.

c. The minimum part-time employment shall be the equivalent of one-half of the number of days of service required by the member's contract of employment during his final year of service in a full-time position.

d. The member must not be an administrator in a community college.

e. Members employed in prekindergarten through grade 12 in a position with a salary above that of a school principal's in the district of employment are not eligible to participate in this program.

f. Members may not participate after age 65. Members in the program who reach age 65 during the school year may continue through that school year.

g. The member and the employing agency must submit contributions based on the amount the employee would have earned if he were employed on a full-time basis.

h. The reduced workload status must be based on a full school year or term and the minimum compensation paid or time worked must be equal to no less than one-half time. No credit will be allowed beyond the date of termination for any reason, discharge, death or retirement. If the Governing Board agrees, the reduced service may be on a daily schedule or full-time for at least one-half year; however, member and employer contributions must be paid monthly to STRS.

The contributions and earnings of members participating in this program, plus employer contributions, will be reported on a "Supplemental Monthly Report of Contributions" (Form 496). Specific details are in the County and District Procedures Manual.

Michael N. Thome

MICHAEL N. THOME
Chief Executive Officer

APPENDIX M

Implementation Log for ERIPs in Selected Districts (February Through July 1975)

IMPLEMENTATION LOG
Selected Districts

Date	Activity	Hours*
2/24/75	Telephone Superintendents, 6 Districts	2.50
2/25/75	Telephone Superintendents, 2 Districts	.75
2/26/75	Telephone Association Presidents, 5 Districts	1.50
2/27/75	Telephone Association Presidents, 3 Districts	1.00
2/27/75	Meeting - 2 District Superintendents	3.00
2/28/75	Meeting - 2 District Superintendents	3.25
3/03/75	Meeting - 1 District Superintendent	.75
3/03/75	Meeting - Shoreline Teachers Association	2.25
3/04/75	Presentation - Ross Board of Education	1.25
3/05/75	Meeting - 2 District Superintendents	2.50
3/06/75	Meeting - 1 District Superintendent	1.00
3/06/75	Meeting - Ross Teachers Association	1.50
3/07/75	Meeting - County Superintendent of Schools	1.50
3/07/75	Meeting - County Superintendent of Schools Teachers Association	1.25
3/13/75	Meeting - Sausalito Teachers Association	1.00
3/17/75	Meeting - Sausalito Board of Education	1.50
3/18/75	Presentation - Kentfield Board of Education	1.00
3/18/75	Presentation - Reed Board of Education	.75
3/19/75	Presentation - ERIP Plan - Marin Association of School Administrators	.75
3/19/75	Meeting - San Anselmo Teachers Association	.75

-Cont'd-

Date	Activity	Hours*
3/20/75	Meeting - Shoreline Board of Education	1.00
3/25/75	Meeting - Fairfax Teachers Association	.75
3/26/75	Presentation - Fairfax Board of Education	.75
3/27/75	Meeting - Sausalito Board of Education	.50
4/01/75	Meeting - Kentfield Teachers Association	1.25
4/03/75	Presentation - Shoreline Board of Education	.50
4/07/75	Meeting - Sausalito Board of Education	.75
4/08/75	Presentation - ERIP Plan - Tamalpais Study Council	1.00
4/30/75	Meeting - San Anselmo Teachers Association	1.50
5/06/75	Meeting - Reed Teachers Association	1.00
5/08/75	Presentation - San Anselmo Board of Education	2.25
5/13/75	Presentation - County Board of Education	.50
5/27/75	Meeting - Reed Teachers Association	.75
6/10/75	Presentation - County Board of Education	.50
6/30/75	Presentation - ERIP Plan - County School Boards Association	.75
7/01/75	Meeting - Kentfield Board of Education	1.25

* Hours required to complete stated activity

IMPLEMENTATION LOG
Selected School Districts

Date	Activity	Hours
5/05/75	Financial Counseling - 5 Teachers from Sausalito, Reed and Kentfield Districts	2.50
5/12/75	Financial Counseling - 4 Teachers from Fairfax and San Anselmo Districts	2.00
5/17/75	Financial Counseling - 2 Teachers from Shoreline Unified	1.50
5/21/75	Financial Counseling - 2 Teachers from Marin County Schools Office	1.50

APPENDIX N

Article on Marin ERIP,
Independent Journal
(April 24, 1975)

Independent Journal

THIRD SECTION SAN RAFAEL, CALIFORNIA, THURSDAY, APRIL 24, 1975 19

Early Teacher Retirement Could Save Schools Money

By LEW CODDINGTON

A project now under way may earn a Marin school administrator a doctorate and may save local school districts thousands of dollars a year in teacher salaries.

Byron W. Mauzy, deputy superintendent in the county schools office, has devised a plan to induce highly paid veteran teachers to retire early, and is trying to round up support from school districts.

Mauzy plans to write up the results in a 200-page dissertation which he hopes will earn him a doctorate from Florida-based Nova University, an unusual school which flies its instructors to the Bay Area and elsewhere rather than require pupils to go to its campus.

Mauzy said he got involved with the project when a group of distraught elementary school administrators approach him last April, trying to figure out how to save money. School districts, backed into a financial corner by rising costs and limits on expenditure, find it impossible to economize by firing teachers because of strong tenure laws.

Increasingly school districts have seen early retirement programs as a way out of the corner, Mauzy said. The Pasadena district initiated the first one in 1972 and several districts in the state have followed suit, including Mill Valley and San Rafael, he said.

Now, many others seem ready to jump on the bandwagon.

Mauzy has taken his proposal to the Fairfax, Sausalito, Kentfield, Reed, Ross, San Anselmo and Shoreline districts and the county schools office

BYRON W. MAUZY
Seeks doctorate

All are still considering it, he said.

The plan works this way:

Any teacher 55 or over who has worked in a district five years is eligible to retire immediately, instead of waiting until age 65. He is then hired as a consultant, getting $4,000 a year for 20 days' work.

The district saves the difference between the teacher's salary — probably over $15,000 — and the consulting fee. If it's in bad financial shape, it can pocket the money and still be able to reduce staff without firing teachers. Or, it can hire young teachers at the bottom end of the salary scale and still come out a few thousand dollars ahead.

The openings created for younger teachers, including minority group members, is one of the best features of the program in Mauzy's opinion.

The veteran teacher still receives a substantial income from his consulting fee and state retirement pay. In the long run he may lose money, since his state compensation is reduced because of his early retirement, but many teachers look forward to retirement and consider it a fair trade, Mauzy said.

Even if the school districts reject the plan, Mauzy said, he still will have gathered enough information to write his doctoral paper, which he hopes to finish in June.

Nova is one of an increasing number of schools which send the teachers to the students, instead of having a traditional residential campus. They cater to professionals who crave an advanced degree, but don't wish or can't afford to leave their jobs.

Instructors fly one Saturday a month to Fairfield, near Sacramento, and Nova students from throughout Northern California flock to classes. Two other educators in the county schools office, Asst. Supt. Robert E. Spain and regional occupational program coordinator Carol Horan, are taking Nova doctoral courses with Mauzy.

To enter the three-year program students must have a master's degree and a responsible educational position, Mauzy said.

They take classes and undertake four major projects which end with written papers. So far, Mauzy has turned out dissertations on the volunteer system in the county schools office, reduction in force in the Kentfield School District, and (jointly with Spain and Mrs. Horan) the county schools office's education program in the county jail.

"I would have liked to have done my doctoral work at Stanford, where I got my master's," Mauzy said, "but I don't see any way I could have left the job. There are many, many people in that boat.

"It's a good doctoral program, and it's made me realize how much change there has been in education in the last 10 years or so. I've had to hustle to get up to date.

"What they ask, instead of just an academic paper, is a concrete educational project."

Nova will get at least that — and Marin may get the concrete results of comfortable retirement for veteran teachers, job openings for young teachers, and lower bills for the taxpayer.

CHART SHOWS EFFECT OF EARLY RETIREMENT

Age	55 years	60 years	65 years
Experience	25 years	30 years	35 years
If not retiring			
Monthly salary	$1,422	$1,422	$1,422
If retiring			
Monthly retirement pay	$498	$853	$1,000
Consultant fee	$333	$333	——
Total in retirement	$831	$1,186	$1,000

Assuming no inflation, no change in pay scale, it can be seen that the 55-year-old teacher with 25 years experience who retires at that age will receive $491 less a month than if he continues working. (However, the net reduction would not be that great, because taxes and other deductions would be less.)

If he retires, the next five years spent as a "consultant," would be credited to his experience record and qualify him for the higher retirement pay given 60-year-old teachers with 30 years experience.

At that point, however, he would cease to receive the consultant fee and would be receiving $569 less than a teacher who continues working after age 60 and $333 a month less than a teacher who waits to retire at age 60. In case of retirement at either 55 or 60, the retirement pay at age 60 is frozen at $853 or $147 a month less than if waiting until age 65 to retire.

APPENDIX O

Implementation Log for ERIPs for Nonselected Districts (April Through June 1975)

IMPLEMENTATION LOG
Non-Selected Districts

Date	Activity	Hours
4/18/75	Meeting - Larkspur Administration	3.00
4/24/75	Meeting - Novato Unified Administration	3.50
4/25/75	Meeting - Dixie Administration	2.00
4/31/75	Meeting - Dixie Administration and Dixie Teachers Association Representatives	3.25
5/07/75	Meeting - Novato Unified Administration	1.50
5/13/75	Presentation - Larkspur Board of Education	1.50
5/14/75	Presentation - Novato Unified Board of Education	2.00
5/28/75	Presentation - Dixie Board of Education	2.25
6/11/75	Meeting - Marin Community College Board and Administration Representatives	1.50
6/17/75	Meeting - Marin Community College Teachers Association Representatives	1.75

APPENDIX P

Article by Dick Garrett,
"Early Retirement -- Ripoff of Taxpayers,"
Independent Journal (May 17, 1975)

Independent Journal
May 17, 1975

Early Retirement Ripoff Of Taxpayers

Re Retirement Incentives Offered to San Anselmo School District Teachers: School enrollments are dropping. There are too many teachers and not enough teaching jobs. The job market for teachers is glutted. But why should the property owners of San Anselmo want to subsidize teachers? Paying a teacher $4,000 per year for work as a "consultant" is a joke. Substitute the word "featherbedder" for "consultant" for more accuracy.

Allowing teachers at 55 years of age to work half-time but pay into their retirement fund at full-time rate until age 65 so they can draw a full pension is really great for teachers, but for the poor taxpayer it is the "ripoff" of the century

All taxpayers (not just those in San Anselmo) should be concerned and take action before it is too late. If every school district in the state of California adopts these retirement plans — "look out"!

DICK GARRETT

Woodacre

APPENDIX Q

Attrition Proposal of Manuel, Mann & Associates
(August 11, 1975)

MANUEL, MANN & ASSOCIATES
1121 GREEN STREET
SAN FRANCISCO, CALIFORNIA 94109
(415) 776-1435

August 11, 1975

Mr. Byron W. Mauzy
Deputy Superintendent
Marin County Schools
201 Tamal Vista Boulevard
Corte Madera, California 94925

Dear Byron:

Attached please find the attrition project outline we discussed. I certainly appreciate your offer to obtain a legal opinion on the expenditure of public funds for this type of project from the County Attorney.

In outlining the project I have included the rational and content of the program, but have avoided going into the methodology any more than necessary, as that is an area in which it would be easy to get sidetracked. At the points at which there are options, I have included the option in the event it may have some impact on the legal opinion.

I very much appreciate your interest and assistance thus far.

Should you or the County Attorney have any questions, please contact me at the telephone number listed above, and I will be pleased to answer them.

Sincerely,

Jim

James A. Manuel

MANUEL, MANN & ASSOCIATES
1121 GREEN STREET
SAN FRANCISCO, CALIFORNIA 94109
(415) 776-1435

In the past few years California public school districts, faced with the need to reduce staffing levels, have found that lay offs and terminations are difficult and unpleasant to administer, and that they frequently result in the loss of young, enthusiastic, highly rated teachers due to seniority and tenure provisions. The project we wish to propose as an alternative avoids many of these problems by generating voluntary attrition through a career planning program oriented toward transitioning teachers into other career fields. This project would be funded by the school district, which would justify the expenditure on the need to reduce staff due to budgetary limitations or declining enrollment, the need to eliminate marginal teachers, the need to generate turnover within the district, or the desire to avoid the political problems of a lay off.

The attrition project would be accomplished in the following four phases:

ENROLLMENT The project would be presented to teachers at scheduled meetings. The approach will be to offer any teacher who is not satisfied with his or her career, for whatever reason, the opportunity to investigate alternative career fields. Enrollment will be entirely voluntary. (OPTION: The program can be offered to all teachers and administrators, or offered selectively to those groups having more than the projected requirements.)

MINI-WORKSHOP The Mini-Workshop is a weekend session in which the methodology is explained and its effectiveness demonstrated. Because the process is intensive and demanding, the Mini-Workshop is necessary to develop the involvement of the enrollees, and to eliminate those who are not willing to expend the effort necessary to complete the program.

WORKSHOP During the Workshop the individual's total experience (education, employment, goals and objectives, outside interests, hobbies, skills, etc.) are reviewed and analyzed using vocational testing, group, and self-analysis techniques. From this analysis the functional, organizational, and environmental characteristics of the "ideal job" are determined and employment sectors (government, manufacturing, small business, not-for-profit, etc.) potentially offering this opportunity are determined. (OPTION: This phase requires eighty to one hundred hours in group and individual sessions. It is best conducted in one intensive two week workshop, but can be spread over a longer period of time using evenings and weekends if the district is unable to release the individuals for this length of time.)

SEARCH The final segment of the project is the Search phase, in which the individual secures a new position. Prior to actually seeking employment a Field Investigation is conducted to determine which organizations offer the type of opportunity being sought. Through these informational interviews with key employees of the organizations and those with whom they do business (bankers, trade associations, customers, suppliers, etc.) an insight is gained into the organization, its strengths and weaknesses, its business and management philosophies, its personnel, and other pertinent factors. This technique allows the individual to select the organization best suited to his needs based on more complete information than would be available from normal employment interviews. Then, through contacts made in the course of the Field Investigation, an approach is made focusing on the individual's skills, abilities, and experience as an answer to the organization's problems and needs. If the preparation (skill and interest analysis, Field Investigation, interview training, etc.) is accurate and the approach properly executed, an offer of employment and acceptance will naturally and inevitably follow.

The cost of this project is dependent on the number of enrollees and the time span over which it is to be completed. Charges can be on an hourly basis for time expended in the project, on a per person basis for each enrollee, on a per person basis for each phase, or on a per person basis for each person resigning from the district. Our estimate of the cost, based on final resignations, is in the $500 to $1500 range. This cost will be quoted more precisely after discussion of the variables with the district involved. (This range presumes the use of the district's facilities in which to conduct the sessions.) We are willing to contract on a performance basis for this project.

This project is based on recently developed methodology which has proven highly successful in accomplishing career transitions. The principle features of this methodology are the career planning, in which all facits of the individual's life are incorporated to develop a profile of the "ideal job", and the Field Investigation, in which information is gained and contacts are made without the pressures of employment interviewing. The opportunity to use this methodology at no cost should appeal to any teacher who has doubts about his or her future in education. The project will cause attrition at all levels, creating additional savings over laying off junior-level teachers, and will appeal to those with lower levels of motivation, a frequent cause of substandard performance. The reduction will be more selective than a lay off, and will avoid much of the political opposition that has been experienced in the past.

APPENDIX R

Internal Revenue Service Correspondence
(July 1975)

Address any reply to: [redacted]
Department of the Treasury
44 Montgomery St., Suite 2485
San Francisco Ca., 94104
District Director
Internal Revenue Service

Date
July 17, 1975

In reply refer to
SG:1245:RS
(415) 556-7601

Mr. Byron Mauzy
Marin County Superintendent Of Schools
201 Tamal Vista Blvd.
Corte Madera, Calif. 94925

Dear Mr. Mauzy:

This is in reply to your letter of July 14, 1975 regarding persons engaging in early retirement incentive programs.

The enclosed Form SS-8 is used by our office as an aid in determining the employment status for Federal Employment Tax purposes of the worker or workers in question. If it is determined that a worker is an employee, remuneration for his services are subject to Federal Withholding and FICA deductions. Conversely, if the worker is found to be an independent contractor, he or she is subject to self-employment tax.

You may complete Form SS-8 and return it in the envelope provided if you would like our opinion regarding the employment status of the workers in your case. We will hold the agreement contract, which you enclosed in your letter, as a supplemental aid to Form SS-8 in rendering an opinion.

Very truly yours,

Douglas A. Scanlon

Douglas A. Scanlon
Group Manager

Encl:

OFFICE OF VIRGIL S. HOLLIS ○ MARIN COUNTY SUPERINTENDENT OF SCHOOLS

July 14, 1975

Internal Revenue Service
Director, Pension Trust Division
450 Golden Gate Avenue
San Francisco, California 94102

Dear Sir:

I have spent considerable time and effort over the past six months working with school districts in Marin County to develop and implement Early Retirement Incentive Plans (ERIP). The Marin County plan was based upon the Attorney General's Opinion No. CV 73-282 IL and approved by Marin's County Counsel.

The attached letter from Michael N. Thome, Chief Executive Officer, State Teachers Retirement System (STRS), regarding a recent meeting in Pasadena involving representatives of STRS, the Pasadena School District, and the San Francisco Regional Office of the Social Security Administration, raised some question about private entrepreneur status, or private contractor status, of persons engaging in early retirement incentive programs.

The letter further states that neither Social Security or the IRS will rule on "hypothetical situations; that is, they will rule after the fact, . . . ". This places school districts in an extremely uncomfortable position when they are attempting to deliberate the merits of an ERIP program. In order to take this problem out of the hypothetical area, I have attached a copy of our Agreement for Educational Consultant Service for your review. The Attorney General is very clear that private status is required, and it is the intent of this Agreement that a consultant in this program is, in fact, a private contractor.

I would appreciate your review of the Agreement and any advice or assistance you could provide to insure that our ERIP program does meet your private contractor criteria.

Sincerely,

Byron Mauzy

BYRON MAUZY
Deputy Superintendent

encls.
cc: Social Security Regional Office
San Francisco, Ca. 94102

201 TAMAL VISTA BOULEVARD ○ CORTE MADERA ○ CALIFORNIA ○ 94925 ○ Phone: 924-9500/Area Code 415

OF CALIFORNIA

ATE TEACHERS' RETIREMENT SYSTEM
NINTH STREET, ROOM 616
AMENTO 95814

June 24, 1975

TO: County Superintendents of Schools

FROM: Michael N. Thome, Chief Executive Officer

SUBJECT: Early Retirement Incentive Plans - the Social Security Administration and the Internal Revenue Service

At a meeting held on May 25, 1975, in the headquarters of the Pasadena Unified School District with representatives of the San Francisco Regional Office of the Social Security Administration, which has jurisdiction over the entire State of California, it was learned that the Social Security Administration is strongly questioning the private entrepreneur status; i.e., private contractor status of persons engaging in early retirement incentive plans.

We were told that the Social Security Administration has a rather complex method of determining whether a former employee of a school district, who enters on an early retirement incentive plan and is hired back as a private entrepreneur consultant, is in fact a private employer or remains as an employee of the district for their purposes. The implication of this is that persons who enter on early retirement incentive plans may very well be denied the right by Social Security to make contributions to that system based on the salary received and thus accrue credit toward a Social Security retirement allowance, disability allowance, survivor benefit or death benefit. Social Security advised us that they look at each situation in making their determination.

We were also advised by Social Security that the Internal Revenue Service will take a look at the private entrepreneur; i.e., consultant, contract agreement with a school district to determine whether the person is, in accordance with their regulation, a private contractor and thus entitled to contribute to Social Security. As you probably know, Social Security tax is collected by the Internal Revenue Service and transmitted to the Social Security Administration for private contractors. The implication here is that if an employer has not obtained clearance that the person employed under the early retirement incentive contract is a "private contractor", the Internal Revenue Service may very well come against the employer for failure to withhold the required income tax from the compensation paid as well as the penalties for not withholding attendant thereto.

Should either Social Security or the Internal Revenue Service rule independently or collectively that the person is a employee of the school district, thus denying him the right to pay Social Security tax on his earnings or require the district to withhold income tax from the compensation paid, the person then will be understood to be an employee of the district and contributions to the State Teachers' Retirement System on the salary paid him under the early retirement incentive plan contract will be required.

Since neither Social Security or the Internal Revenue Service will rule on hypothetical situations; that is, they will rule after the fact, it appears to me that we can be in a bit of difficulty in this whole area, the difficulty being that the State Teachers' Retirement System must determine who entered into an early retirement incentive plan, has he been declared a private contractor or an employee of the school district, and must contributions to the State Teachers' Retirement System be collected on the compensation paid him. From the standpoint of the district, there is the possibility of a suit for giving erroneous information, for having bargained in bad faith and for retirement credits lost under the State Teachers' Retirement System because of entrance on the program.

The foregoing information is sent you only to reflect the contents of the discussion which took place in Pasadena. They are not to be interpreted in any way as advice, criticism, or direction by the State Teachers' Retirement System. They are intended only to alert you to those problems which, according to Social Security, do exist but which have not as yet been resolved. For further information as to the position of Social Security, please contact the Social Security Regional Office, Department of Health, Education and Welfare, 303 Golden Gate Avenue, San Francisco, California 94102. For clarification as to the Internal Revenue Service, please contact the Pension Trust Division of the Internal Revenue Service, 450 Golden Gate Avenue, San Francisco, California 94102, for Northern California, and the Pension Trust Division of the Internal Revenue Service, 300 North Los Angeles Street, Los Angeles, California 90012.

Michael N. Thome

MICHAEL N. THOME
Chief Executive Officer